ADM
RARY

SEP 8 1944

Final Edition

ESTABLISHED OVER 100 YEARS

In 2 Sections—Section 1

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 160 Number 4314

New York, N. Y., Thursday, September 7, 1944

Price 60 Cents a Copy

Cleve. Reserve Honors Wright

CLEVELAND, OHIO — Ross Pier Wright, manufacturer of Erie, Pa., and senior director of the Board of the Federal Reserve Bank of Cleveland, was honored today by officers and directors of the bank at a surprise luncheon party on the occasion of his 70th birthday.

Ross Pier Wright

Mr. Wright, a Class B director of the bank since January 1, 1917, was re-elected to the board last fall for the three-year term ending December 31, 1946.

He was born in Westfield, N. Y., on August 22, 1874, and for many years has been secretary, treasurer and plant manager of the Reed Manufacturing Co., Erie, Pa., largest manufacturer of vises and pipe tools in the country.

"The Federal Reserve Bank has profited immeasureably by your membership on the board of directors," Board Chairman George C. Brainard, president of the General Fireproofing Co. of Youngstown, O., said in presenting Mr. Wright with a silver tray. "You have counseled wisely and soundly, and it has been a genuine pleasure to work with you."

Index of regular features on page 1056

The Bretton Woods Agreements And American Foreign Trade

By E. M. BERNSTEIN*

Asst. Director of Monetary Research, U. S. Treasury

Treasury Official Asserts We Cannot Maintain A High Level Of National Income If Other Nations Are Depressed And Impoverished And Points To Need Of Exports If Our Industry Is To Be Profitable. Holds The International Monetary Fund and International Bank Will Avert Recurrence Of Adverse Exchange Conditions

E. M. Bernstein

There is no group in America more conscious than the people in the export industries of the fact that prosperity in the United States is dependent upon establishing a peaceful and prosperous world in which a large volume of international trade can be carried on under stable and orderly conditions. You, more than any other group in America have experienced the anarchy and disorder of the 1930's in the international field. You have seen depression spread from country to country. You have seen economic aggression which finally culminated in war.

When you stop to think of what the 1930's meant in the way of international monetary policy you

---

*An address made by Mr. Bernstein before the Export Managers Club of New York at the Hotel Pennsylvania, New York City, on Aug.-25, 1944.

(Continued on page 1046)

A Post-War Federal Tax Program

By M. E. McDOWELL*

Chairman of the New Jersey State Chamber of Commerce Tax Committee and Manager of the Tax Department, Standard Oil Company (New Jersey)

Standard Oil Official Asserts That Tax Reform Is More Than A Repair Job, And We Must Build Anew A Tax House That Will Best Stand Up To The Post-War Storms. Calls For Simplification Of Taxes—The Setting Up Of A Standard Income Tax—A Lopping Of Nuisance Levies, And The Re-establishment Of Mutually Exclusive Fields Of Tax Jurisdiction Between Federal And State Governments. Urges That Congress Set Up A Non-Partisan Advisory Tax Board To Get A System Outlined And Ready For Adoption Now.

M. E. McDowell

My work gives me a fairly intimate knowledge of a great, complex and intelligently guided business unit in an important and rapidly changing industry. I'm fully aware of the problems of labor and material supply and price controls and Government reports and financing puzzles and public relations in the brave new world, etc. I am therefore not so egocentric as to think that taxation for the public revenues is the mainspring that

---

*Keystone address delivered by Mr. McDowell to the National Association of State Chambers of Commerce at Denver, Colorado, Aug. 29, 1944.

(Continued on page 1050)

Protection For Synthetic Rubber?

By C. BAYARD, Ph. D.

Writer Points To A Probable Excessive Rubber Supply When Foreign Imports Are Resumed If The Synthetic Output Is Maintained. He Questions The Political Advisability Of A Tariff To Protect The New Synthetic Industry. Suggests As The Most Desirable Solution A Level Of Demand That Would Require Both The Natural And Synthetic Output But Predicts A Bad Period Of Adjustment.

C. Bayard

Two years ago the United States had practically no domestic rubber producing industry. Today it has an annual productive capacity of around 800 thousand tons. By the end of the war the country may be able to produce not far from a million tons a year. Two and a half years ago this country, normally consuming about 475 thousand tons a year or half of the world's annual production, was cut off from its chief source of supply. Crude rubber stocks on hand were probably only somewhat larger than consumption in a normal year. Prospective consumption was greatly increased due to the war. In 1940 the world consumption of rubber of one million tons compared with an estimated productive capacity of 1.7 million tons. For over a

(Continued on page 1044)

United Light & Railways
Common
(When issued)
Hirsch, Lilienthal & Co.
Members New York Stock Exchange and other Exchanges
London - Geneva Rep.
25 Broad St., New York 4, N. Y.
HAnover 2-0600 Teletype NY 1-210
Chicago Cleveland

Buy War Bonds for VICTORY
R. H. Johnson & Co.
Established 1927
INVESTMENT SECURITIES
64 Wall Street, New York 5
BOSTON PHILADELPHIA
Troy Albany Buffalo Syracuse
Pittsburgh Williamsport Dallas

MANHATTAN BOND FUND INC.
PROSPECTUS ON REQUEST
Wholesale Distributors
HUGH W. LONG and COMPANY
INCORPORATED
48 WALL ST. NEW YORK 5
634 SO. SPRING ST. LOS ANGELES 14

Bond Brokerage Service
for Banks, Brokers and Dealers
HARDY & Co.
Members New York Stock Exchange
Members New York Curb Exchange
30 Broad St. New York 4
Tel. DIgby 4-7800 Tele. NY 1-733

State and Municipal Bonds
Bond Department
THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK

BOND BROKERS
BULL, HOLDEN & Co
MEMBERS NEW YORK STOCK EXCHANGE
14 WALL ST., NEW YORK 5, N. Y.
TELEPHONE-RECTOR 2-6300

Actual Trading Markets, always
ELECTRONICS
RAILS
INDUSTRIALS
Kobbé, Gearhart & Co.
INCORPORATED
Members N. Y. Security Dealers Ass'n
45 Nassau Street New York 5
Tel. REctor 2-3600 Teletype N. Y. 1-576
Philadelphia Telephone: Enterprise 6015

Philip Carey Manufacturing Co.
International Detrola Corp.
Purolator Products, Inc.
REYNOLDS & CO.
Members New York Stock Exchange
120 Broadway, New York 5, N. Y.
Telephone: REctor 2-7400
Bell Teletype NY 1-635

AMERICAN MADE MARKETS IN CANADIAN SECURITIES
HART SMITH & CO.
Members
New York Security Dealers Assn.
52 WILLIAM ST., N. Y. 5 HAnover 2-0980
Bell Teletype NY 1-395
New York Montreal Toronto

New England Public Service Co.
PREFERREDS
6% and 7%
Plain and Prior
IRA HAUPT & CO.
Members of Principal Exchanges
111 Broadway, N. Y. 6
REctor 2-3100 Teletype NY 1-1920

Post
War
Plans!!
Details on Request
KING & KING
Established 1920
Members New York Security Dealers Ass'n
40 Exchange Pl., N.Y. 5 HA 2-2772
BELL TELETYPE NY 1-423

Bohack Realty, Pfd.
Elk Horn Coal, Com. & Pfd.
Fuller Brush "A"
La France Indust.
4's, 1956 & Stock
Lanston Monotype
Peerless Weighing & Vending
Common & Preferred
Mitchell & Company
Members Baltimore Stock Exchange
120 Broadway, N. Y. 5
WOrth 2-4230
Bell Teletype N. Y. 1-1227

International
Power Securities
6½s, '55
7s, '52
7s, '57
Traded on N. Y. Curb Exchange
Vanderhoef & Robinson
Members New York Curb Exchange
31 Nassau Street New York 5
Telephone COrtlandt 7-4070
Bell System Teletype NY 1-1548

Struthers
Wells
Common & Preferred
•
H. G. BRUNS & CO.
20 Pine Street, New York 5
Telephone: WHitehall 3-1223
Bell Teletype NY 1-1843

Aetna Standard Engineering
Bagdad Copper
Jardine Mining Co.
New England Public Service
Preferreds
United Piece Dye Works
Common & Preferred
Greene and Company
Members N. Y. Security Dealers Assn.
37 Wall St., N. Y. 5 Hanover 2-4850
Bell Teletypes—NY 1-1126 & 1127

Buffalo, Niagara & Eastern Pr.
$1.60 Preferred
Central Southwest Utilities
$7 Preferred
Mountain States Power
Common & Preferred
Northern States Power
6% & 7% Preferreds
Peoples Light & Power
$3 Preferred
G. A. Saxton & Co., Inc.
70 PINE ST., N. Y. 5 WHitehall 4-4970
Teleytpe NY 1-609

We Maintain Active Markets in U. S. FUNDS for
NORANDA MINES
BULOLO GOLD DREDGING
CANADIAN BANK STOCKS
GOODBODY & CO.
Members N. Y. Stock Exchange and Other Principal Exchanges
115 BROADWAY NEW YORK 6, N. Y.
Telephone BArclay 7-0100 Teletype NY 1-672

The Hobbs Bill And Protection For Stockholders In Railroad Reorganization

By ELISHA M. FRIEDMAN

Consulting Economist Calls Attention To The "Wiping Out" Of Stock In Railroad Reorganizations Under Present Bankruptcy Act And Maintains That The Interstate Commerce Commission Fails To Carry Out The Purpose Of the Law. He Advocates Making All I. C. C. Decisions Subject To Court Review And Urges Passage Of Hobbs Bill (H. R. 4960) Limiting Reductions Of Railroad Capitalization.

Common stockholders of bankrupt railroads are being wiped out. Property is being confiscated under the guise of legality. This evil arises from a novel and unwarranted interpretation of a law passed in 1935. A bill is pending to correct this evil.

E. M. Friedman

What Is the Size of the Problem?

The 36 major roads that were in reorganization from 1930 to 1944 had over $2.7 billion stocks outstanding, or 38% of total for all Class I roads. This huge amount is now being wiped out. These roads operated about 86,000 miles or 38% of the total of about 230,000 railroad mileage in the United States.

Who Owns These Common Stocks?

In six solvent railroad companies over 90% of the number of stockholders held less than $2,000 of market value. In several insolvent roads about 90% of the stockholders held less than 100 shares each. It is little people who are the victims of Government policy in railroad reorganization. The stock record of a typical bankrupt railroad shows important institutional holders. In the Chicago Northwestern Railroad two life insurance companies held 7,900 shares of common and preferred stocks; four fire insurance companies, 2,300 shares; five universities and colleges, 4,500 shares; two savings banks, 510 shares. The confiscatory policy will harm the beneficiaries of

(Continued on page 1048)

FASHION PARK, Inc.
(Men's clothing)
An industry without complicated reconversion problems . . . its post-war outlook offers tremendous possibilities.
Detailed report on request
Simons, Linburn & Co.
Members New York Stock Exchange
25 Broad St., New York 4, N. Y.
HAnover 2-0600 Tele. NY 1-210

American
Cable & Radio
WARRANTS
Bought & Sold
McDONNELL & Co.
Members
New York Stock Exchange
New York Curb Exchange
120 BROADWAY, NEW YORK
Tel. REctor 2-7815

W. E. Burnet Adds Garbutt And Binns

W. E. Burnet & Co., 11 Wall Street, New York City, members of the New York Stock Exchange, announce that Glenn Garbutt and Joseph M. Binns have become associated with their firm. Since 1933 Mr. Garbutt has been associated with F. S. Moseley & Co. except for a recent active tour of duty as 1st Lieutenant in the Army. Earlier he was with Harris, Forbes & Co. Mr. Binns has been identified with Wall Street brokerage and investment firms since 1929, having been associated with Reynolds & Co., Shearson, Hammill & Co. and Ward, Gruver & Co. From 1938 until 1943 he was in business for himself as an investment counselor.

The Union Shop Is Part Of The Free Enterprise System: Green

President Of A. F. Of L. In Labor Day Address Predicts That With Wholehearted Cooperation Of Labor, Management And Government, The End Of The War Will Be Signal For Start Of The Greatest Period Of Prosperity In Nation's History, But Maintains That We Can Make No Safe Plans Unless A World Peace Is Established

President William Green of the American Federation of Labor, in addressing a gathering of 20,000 shipyard workers in the St. Johns River Shipbuilding Company at Jacksonville, Fla., on Labor Day lunch hour, praised the accomplishments of members of his organization in promoting the nation's war effort and in bringing about an early victory, and called attention to the fact that the armed forces of the country are made up largely of workers, of which more than a million and a half are members of the American Federation of Labor.

William Green

"This Labor Day of 1944," Mr. Green began, "occurs at the fateful moment when the dramatic climax of victory is about to ring down the final curtain on the great tragedy of war. The certainty of America's victory is no longer a military secret. We see it happening before us. Everyone knows it—including our enemies. We await only their inevitable and unconditional surrender before the blackout of war is shattered by the bright lights of peace, springing up all over the world.

"Let us therefore give thanks that millions of American boys who have fought the enemy in deadly conflict on battlefronts overseas will come back to us safe and sound.

"Let us also give thanks that the principles we stand for as Americans, the freedoms we cherish as trade-unionists and the decencies we respect as human beings—all have emerged triumphant from their struggle against the forces of hate and evil.

"And let us solemnly and sincerely resolve on the sacred memory of those brave young American boys who have perished in their country's cause that we will consecrate their supreme sacrifice to the abolition of oppression, poverty and injustice

(Continued on page 1051)

AIRLINES
Troster, Currie & Summers
Members N. Y. Security Dealers Ass'n
74 Trinity Place, N. Y. 6 HA 2-2400
Teletype NY 1-376-377
Private Wires to Buffalo - Cleveland
Detroit - Pittsburgh - St. Louis

Henry Holt & Co.
5% due 1969
Buffalo, Niagara & Eastern
$1.60 Preferred
Boston & Maine Railroad
A, B, C, & D Preferreds
Diamond Alkali Co.
WM. J. MERICKA & CO.
INCORPORATED
Members Cleveland Stock Exchange
Union Commerce Bldg., Cleveland 14
Telephone MAin 8500
29 Broadway, New York 6
WHitehall 4-3640
Direct Private Wire to Cleveland

P. R. Mallory & Co. Inc.
Analysis on request
Bought — Sold — Quoted
STEINER, ROUSE & Co.
Members New York Stock Exchange
25 Broad St., New York 4, N. Y.
HAnover 2-0700 NY 1-1557
New Orleans, La.-Birmingham, Ala.
Direct wires to our branch offices

Southwest Nat'l Gas
Southwest Gas Producing
N.E. Public Service
6s Plain
Bayway Terminal
Edward A. Purcell & Co.
Members New York Stock Exchange
Members New York Curb Exchange
65 Broadway WHitehall 4-8120
Bell System Teletype NY 1-1919

Central States Elec. (Va.)
*5% & 5½% Debentures
Common & Preferreds
Tybor Stores
Hotel Waldorf Astoria
Common
**Dealt in on New York Curb Exchange*
Frank C. Masterson & Co.
Members New York Curb Exchange
64 WALL ST. NEW YORK 5
Teletype NY 1-1140 HAnover 2-9470

The Cross Company
Laclede Christy Clay Products
Great American Industries
Indiana Limestone 6s, 1952
Memoranda on request
F. H. Koller & Co., Inc.
111 Broadway, New York 6, N. Y.
BArclay 7-0570 NY 1-1026

FARR & CO.
Members
New York Stock Exchange
New York Coffee & Sugar Exchange
120 WALL ST., NEW YORK
SUGAR SECURITIES
Quotations Upon Request
TEL. HANOVER 2-9612
Teletype N. Y. 1-2123

United States Sugar
Common Stock
A Speculation of Merit
Memorandum Available
Cohu & Torrey
MEMBERS NEW YORK STOCK EXCHANGE
One Wall Street, New York 5, N. Y.
St. Petersburg, Fla. Miami, Fla.
Orlando, Fla. Fort Lauderdale, Fla.
Newark, N. J. Syracuse, N. Y.

Moore-McCormack
H. H. Robertson
Amer. Window Glass
Amer. Furniture
Munising Paper
No. Amer. Refract.

STRAUSS BROS.
Members New York Security Dealers Ass'n
32 Broadway NEW YORK 4 — DIgby 4-8340 — Teletype NY 1-832, 834
Board of Trade Bldg. CHICAGO 4 — Harrison 2075 — Teletype CG 129

Our Real Estate
Securities Department
Specializes in

TITLE COMPANY CERTIFICATES

Call us for quotes

Newburger, Loeb & Co.
Members New York Stock Exchange
40 Wall St., N.Y. 5 WHitehall 4-6330
Bell Teletype NY 1-2033

The COMMERCIAL and
FINANCIAL CHRONICLE
Reg. U. S. Patent Office

William B. Dana Company
Publishers

25 Spruce Street, New York 8
BEekman 3-3341

Herbert D. Seibert,
Editor and Publisher

William Dana Seibert, *President*
William D. Riggs, *Business Manager*

Thursday, September 7, 1944

Published twice a week
every Thursday
(*general news and advertising issue*)

and every Monday

(*complete statistical issue—market quotation records, corporation, banking, clearings, state and city news, etc.*)

Other Offices: 135 S. La Salle St., Chicago 3, Ill. (Telephone: State 0613); 1 Drapers' Gardens, London, E. C., England, c/o Edwards & Smith.

Copyright 1944 by William B. Dana Company

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.

Subscriptions in United States and Possessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia Australia and Africa, $31.00 per year.

Other Publications

Bank and Quotation Record—Mth. $20 yr.
Monthly Earnings Record—Mth...$20 yr.

NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Maintaining Stability In The Post-War Period

By CHESTER BOWLES*
OPA Administrator

Head Of The OPA Says That Today We Have All The Makings For An Inflation And Collapse Far Greater Than Anything We Knew In 1918 And Stipulates Eleven Requirements For A Full Production Program Intended To Avoid Repetition Of Post-War I Conditions. Holds Foremost Among These Requirements Are: (1) Stable Prices; (2) Tax Laws That Encourage Risk Capital; (3) Maintenance Of Competitive Free Enterprise; And (4) Encouragement To Small Business

I believe all of us are wiser citizens today than we were in the days before the war.

Chester Bowles

During the last few years we have learned a great deal more about the interrelation of all the groups that go to make up our economic system. Our farmers have learned what high purchasing power in the cities can mean to their own incomes. Labor has learned to respect capable and intelligent management. Management has learned that without the energetic cooperation and backing of labor, efficient production is impossible.

All groups have learned that in the final analysis our Government belongs to them. That Government problems are their problems —problems which must be solved efficiently and on an understanding give-and-take basis, if our democracy is to continue to meet the demands of a difficult and changing world.

In the OPA we have an unusual opportunity to see the workings of our economic system at first hand. Each week we receive more than 2½ million telephone calls from business men, farmers, industrial workers and every-day consumers. Every week we receive some 500,000 visitors drawn from every section of our economy. Every week we answer many thousands of letters, asking specific questions about the wartime regulations for which we are responsible.

Through our 487 Industry Advisory Committees, plus our several hundred additional informal trade committees, we are in close contact with every business group in the country. Through our 94 Labor Advisory Committees we learn what labor is thinking and worrying about. Through our scores of Farm Advisory Comittees and through contacts with hundreds of individual farm groups we have an opportunity to know at first hand the hopes and fears of our farmers.

These groups talk to us primarily, of course, about the economic problems which confront them today under wartime conditions. But, invariably, the conversations edge around to the problems of the future. What kind of conditions will business men face after the war? What about prices, profits and taxes? What does labor face? What about wages? Will peacetime wages and jobs keep up to the high levels of wartime? What lies ahead for the farmer? Will their prices collapse when the war is over, as they did after the last war? And, back of this,

(Continued on page 1052)

---

*An address made by Mr. Bowles before the Seattle Chamber of Commerce, Seattle, Wash., on Aug. 28, 1944.

We are interested in offerings of

High Grade
Public Utility and Industrial
PREFERRED STOCKS

Spencer Trask & Co.

25 Broad Street, New York
Telephone HAnover 2-4300 Teletype NY 1-5
Members New York Stock Exchange

Revise "Little Steel" Formula: Murray

President Of CIO Says Present Wages Must Be Adjusted To Increased Living Costs To Provide For Purchasing Power That Will Insure Post-War Prosperity

In a Labor Day radio address on the subject "Jobs For All" broadcast over the coast-to-coast network of the National Broadcasting Company, Philip Murray, President of the Congress of Industrial Organizations urged that a program for reconversion and for full production and employment after the war must be worked out at once, or "peace will bring tragedies almost as great as those of war." Among the steps mentioned by Mr. Murray as essential to maintenance of post-war prosperity was the revision of the "Little Steel" wage formula. He also stressed that "what is good for all the people is good for labor."

Philip Murray

"My plea today, therefore," said Mr. Murray, "is that all Americans, on this Labor Day, should give thought to their community of interest with labor not only in winning complete and final victory, but also in working together for our common security and prosperity in the difficult days that will follow victory.

"Peace will bring tragedies almost as great as those of war, if national unity ceases when the fighting ceases; if the miracles of planned war production are followed by the miseries of planless shutdowns and mass unemployment; and if Americans turn from fighting the common foe to fight-

(Continued on page 1038)

A Fair Trial

In these trying days of conflicting agencies sponsoring confusing policies it is well to remember that the right to a fair trial is an essential foundation stone upon which rests our free institutions.

World's history evidences suffering, torture and death inflicted upon countless millions in battles for freedom involving the preservation of human rights, amongst which that of a fair trial is uppermost.

The Titanic struggle now in progress is the Herculean effort of all time to preserve the freedoms for the world.

Passing up for the moment the monetary cost, the sacrifices made, and continuing, in human casualties stress the vital store we place upon our status as free men.

With us the characteristic cry of liberty or death is a living slogan, a philosophy, a way of life.

In a striking emergency, such as a war, even our most precious right, habeas corpus, may be suspended.

That's readily understandable. With it men of balance have no quarrel.

Some of the regulations by administrative bodies arising from the necessities of war which curb individual enterprise may also be essential.

The fight of the "Chronicle" is upon limitations of our rights, our freedom of action, created under erratic assumptions of emergency, and paraded under the false banner of self-regulation.

The National Association of Securities Dealers readily falls into that category.

(Continued on page 1039)

PANAMA COCA-COLA
Dividends declared 1944 to date — $2.25
Dividends 1943 - $4.50
" 1942 - 3.65
Approximate selling price — 30
Circular on request

HOIT, ROSE & TROSTER
Established 1914
74 Trinity Place, New York 6, N. Y.
Telephone: BOwling Green 9-7400 *Teletype:* NY 1-375

B. S. LICHTENSTEIN
AND COMPANY

THE DEAD END BIDS

Just when you think that you've reached a dead end with that obsolete stock or bond, up we come with a quote! Always come here for the "Dead End Bids."

Obsolete Securities Dept.
99 WALL STREET, NEW YORK
Telephone: WHitehall 4-6551

TITLE COMPANY CERTIFICATES

BOUGHT - SOLD - QUOTED

Complete Statistical Information

L. J. GOLDWATER & CO.
Members New York Security Dealers Assn.
39 Broadway
New York 6, N. Y.
HAnover 2-8970 Teletype NY 1-1203

Bendix Home Appliances
Botany Worsted
Crowell Collier
National Airlines
Punta Alegre Sugar
Bought — Sold

J. F. Reilly & Co.
Members
New York Security Dealers Assn.
111 Broadway, New York, N. Y.
REctor 2-5288
Bell System Teletype, NY 1-2480

Bartgis Bros.
Federal Screw Works
Gisholt Machine Co.
Haloid Corp.
Laclede-Christy Clay Pr.
Miller Mfg. Co.
Segal Lock & Hdw. Pfd.
Bought—Sold

Est. 1926
HERZOG & CO.
170 *Broadway* COrtlandt 7-6190
Bell System Teletype NY 1-84

SUGAR SECURITIES

•

DUNNE & CO.
Members New York Security Dealers Assn.
25 Broad St., New York 4, N. Y.
Tel. WHitehall 3-0272

Public National Bank & Trust Co.

Second quarter analysis available on request

•

C. E. Unterberg & Co.
Members New York Security Dealers Assn.
61 Broadway, New York 6, N. Y.
Telephone BOwling Green 9-3565
Teletype NY 1-1666

WARD & Co.
EST. 1926

ACTUAL MARKETS
IN 250
ACTIVE ISSUES

American Hardware
Amer. Win. Glass, Com. & Pfd.
Auto Car
Bendix Home Appl.
Bird & Son
Boston & Me., Prior & Stpd Pfds.
Conn. Light & Power Com.
Cons. Cement "A"
Crowell Collier P. Com.
Douglas Shoe Com. & Pfd.*
Electrolux*
Howard Stores, Com. & Pfd.
H. & B. Amer. Machine, Pfd.*
Interstate Bak. Com. & Pfd.
Liberty Aircraft
Magazine Repeating Razor
Merchants Distilling*
Moxie
Nu-Enamel
Punta Alegre Sugar
Riley Stoker
Scovill Mfg.*
Title Guar. & Trust
Triumph Explosives
Wickwire Spencer

INDUSTRIALS

Auto Car
Axton-Fisher "B"
Brockway Motor*
Buda Co.
Consolidated Textile
Eastern Corporation
Great American Industries*
Lawyers Mortgage Co.
Loft Candy
Marmon Herrington
McFadden Pub.
Pollak Manufacturing
Purolater*
Remington Arms
Ta'on
Tokheim Oil Tank & Pump
United Cigar Whelan
United Drill "A" & "B"
United Stove
Wilcox & Gay
Yuba Consolidated Gold

AIR LINES

American Export Airlines
Chicago & Southern Airlines
Inland Airlines
Mid-Continent Airlines
National Airlines
Northeast Airlines

UTILITIES

Amer. Gas & Power & Wrnts.
American Utilities Service Pfd.
Birmingham Gas
Conn. Light & Power Com.
Cons. Elec. & Gas Pfd.
Derby Gas & Electric
Illinois Power Div. Arr. and Com.
Iowa Southern Util. Com.
Mass. Power & Lt. $2 Pfd.*
Nassau & Suffolk Ltg. Pfd.
New Eng. Pub. Serv. 6% & 7% Pfd.
N. Y. Water Service Pfd.
Peoples Lt. & Pwr.
Puget Sound Pr. & Lt.
Queensboro Gas & Elec. Pfd.
Scranton Springbrook Water Pfd.
Southwest Natural Gas
Southwest Pub. Serv.

ELECTRONICS

Du Mont Lab. "A"*
Emerson Radio
General Instrument*
International Detrola
Magnavox Corp.*
Majestic Radio & Tel.*
P. R. Mallory
Stromberg Carlson
Submarine Signal

**Circular on Request*

Chicago Tractions

WARD & Co.
EST. 1926
Members N. Y. Security Dealers Assn
120 BROADWAY, NEW YORK 5
REctor 2-8700 NY 1-128
Direct wires to Boston & Phila.
ENTERPRISE 'PHONES
Hartford 6111 — Buffalo 6024

American Hardware
Crowell Collier Com.
Oxford Paper Com. & Pfd.
Phillip Carey Mfg.
United Light & R'ys W. I.
Warren Bros. B. & C.

Bought - Sold - Quoted

GOODBODY & CO.
Members N. Y. Stock Exchange and Other Principal Exchanges
115 BROADWAY
NEW YORK
TELEPHONE BARCLAY 7-0100
105 WEST ADAMS ST.
CHICAGO
TELETYPE NY 1-672

Moore McCormack Lines
Incorporated

Common

$2.50 Preferred

Bought — Sold — Quoted

Prospectus upon request

A.C. ALLYN AND COMPANY
Incorporated
Chicago New York Boston Milwaukee Minneapolis

Truman Urges Unemployment Pay For Displaced War Workers

Democratic Vice-Presidential Candidate Tells Labor That Only Continuance Of Roosevelt Administration Will Assure Post-War Jobs And Sufficient Income To Enjoy Fruits Of Production. Views Return Of 40-Hour Week And Basic Wage Increase In Terms Of Actual Purchasing Power Peacetime Need. Says Government-Owned War Plants Must Be Used For Civilian Output And Charges That "Big Business" Forced Closing Of Such Facilities After World War I In Order To "Strangle All New Competition"

In a Labor Day address at Detroit on Sept. 4, before a group of leaders of the American Federation of Labor, Senator Harry S. Truman, Democratic Vice-Presidential nominee, told the gathering that "we of the Democratic party are not resigned to the prospect of huge unemployment after the war." "If," he said, "this country can utilize all of its manpower to make engines of destruction with which to overwhelm our enemies, surely we can use that same manpower to improve our cities, build highways, erect decent homes and provide every workingman with more of the good things of life." He continued:

Harry S. Truman

"Surely, we can create a great foreign commerce advantageous to ourselves and all the nations of the world.

"We have proved our ability to produce in wartime. Now let us prove a similar ability to produce in peacetime, so that all of us can enjoy the benefits of that production. Let us create a desire in the rest of the world to produce and equal our present high standards of living."

The Senator's remarks before the labor group also dealt with

(Continued on page 1053)

Robert McMaster Forms Own Firm In Chicago

CHICAGO, ILL. — Robert F. McMaster announces his withdrawal as a partner of McMaster Hutchinson & Co. and the formation of the firm of Robert F. McMaster & Co., located at 135 South La Salle Street, to deal in investment securities. He is well known on La Salle Street, having been engaged in the securities business for the past twenty-five years.

Mr. McMaster is president of the Village of Oak Park, Illinois, and has served in this capacity since 1941. He is also vice president of the Chicago Regional Planning Association and the Illinois Municipal League.

John D. Emery, previously with McMaster Hutchinson & Co., will be associated with the new firm.

Abel De Cant With North American Secs.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Abel Davis De Cant has become connected with the North America Securities Co., Russ Building, San Francisco. Mr. De Cant was formerly with Gross, Martin & Co. and prior thereto was manager of the municipal department for the District Bond Co. In the past he was an officer of Revel Miller & Co.

BOSTON, MASS.

An Outstanding Cement Stock With a Dividend Arrearage
Riverside Cement
Class A
$1.25 Cumulative Participating Stock
Market 12 - 12¾
Circular sent upon request
LERNER & CO.
10 POST OFFICE SQUARE
BOSTON 9, MASS.
Tel. HUB 1990 Teletype BS 69

CHICAGO

CARTER H. CORBREY & CO.
Wholesale Distributors
Middle West — Pacific Coast
For
UNDERWRITERS
and
SECONDARY MARKET DISTRIBUTION
135 S. La Salle St.
CHICAGO 3
Randolph 3002 Teletype—CG 362

Old Ben Coal (Com.)
Franklin County Coal
Bayway Terminal
National Terminals Corp.
Chicago Aurora & Elgin
•
COMSTOCK & Co.
CHICAGO 4
231 So. La Salle St. Dearborn 1501

Bartlett Asst. V.-P. Central Hanover Bank

Craig S. Bartlett has been appointed Assistant Vice President of Central Hanover Bank and Trust Company.

Craig S. Bartlett

Mr. Bartlett was born in 1898, educated at New York University, and served as Lieutenant in the Field Artillery during World War I. He resigned recently as Assistant Vice President of the First National Bank of Jersey City, New Jersey.

Now Jones, Cosgrove & Co.

PASADENA, CALIF. — Jones, Cosgrove & Co., Inc., formerly Ellis Bishop & Company, announces the adoption of a new corporate name and the removal to new offices at 234 East Colorado Street. Officers of the frim are Victor L. Jones, president, John C. Cosgrove, vice-president, and Elen Pugh, secretary and treasurer.

UTAH IS RADIO'S
Unsilent Partner
Tomorrow, when Victory comes, Utah will apply its new skills, new techniques —gained through its extraordinary war experience—to the *continued* manufacture of loud speakers and other component parts so vital to your radio enjoyment.
utah
UTAH RADIO PRODUCTS CO., CHICAGO, ILL.

DES MOINES

La PLANT-CHOATE
COMMON
Bought - Sold - Quoted
Circular upon request
M. WITTENSTEIN & Co.
TELEPHONE 4-8161
DES MOINES 9, IOWA

SAN FRANCISCO

CURRENT INFORMATION
and MARKETS
always available on
PACIFIC COAST
SECURITIES
Send for our current report on
Security-First National Bank
of Los Angeles
H. R. BAKER & CO.
Russ Bldg.
San Francisco
S. F. 196
650 So. Spring St.
Los Angeles
L. A. 42

ST. LOUIS

STIX & CO.
INVESTMENT SECURITIES
509 OLIVE STREET
ST. LOUIS 1, MO.
Members St. Louis Stock Exchange

Harry La Rocca With First Securities Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Harry B. La Rocca has become associated with the First Securities Company of Chicago, 105 South La Salle Street, members of the Chicago Stock Exchange. Mr. La Rocca for many years was head of H. B. La Rocca & Co.

Join Hayden Stone Staff

Hayden, Stone & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, announce that G. Herbert Sandstrom and Thomas F. Carroll have become associated with them. Mr. Carroll was formerly with Francis I. du Pont & Co.

Piper Aircraft*
Common and Preferred
American Bantam Car
Common and Preferred
**Circular on request*
HOIT, ROSE & TROSTER
Established 1914
74 Trinity Place, New York 6, N. Y.
Telephone: BOwling Green 9-7400 *Teletype:* NY 1-375

Steel Shares
A Class of Group Securities, Inc.
SELECTIVE GROUP INVESTING
Prospectus on Request
DISTRIBUTORS GROUP, INCORPORATED
63 WALL ST. • NEW YORK 5, N. Y.

Consolidated Car Heating
United Wall Paper pfd.
Fonda Johnstown & G'ville
(All Issues)
Railroad Employees pfd.
George R. Cooley & Co.
INC.
52 William St., New York 5
WHitehall 4-3990

We are pleased to announce that
MR. JAMES P. GALLAGHER
is associated with us as
manager of our
Trading Department
DEMPSEY-DETMER & CO.
FOUNDED 1932
Members Chicago Stock Exchange
135 South La Salle Street, Chicago 3
Telephone Randolph 2100

ROBERT F. McMASTER
Announces His Withdrawal as a Partner of
McMASTER HUTCHINSON & CO.
And the Formation of the Firm of
ROBERT F. McMASTER & CO.
INVESTMENT SECURITIES
135 SOUTH LA SALLE STREET
CHICAGO 3, ILLINOIS
EFFECTIVE SEPTEMBER 1, 1944
TELEPHONE STATE 7644

Gail Golliday V.-P. Of Stone Webster Co.

Robert H. van Deusen, president of Stone & Webster and Blodget, Incorporated, 90 Broad Street, New York City, announces that Gail Golliday has been elected a vice-president and director of the corporation. Mr. Golliday was formerly a partner of Bonbright & Co. until it ceased business in 1942, when he joined the banking and investment division of the War Finance Committee in New York as a volunteer worker. He served with the committee during all five war loan drives.

Gail Golliday

It was also announced that Wendell R. Erickson and Max G. Robinson, vice-presidents of the investment banking concern, have been elected directors, and that Chester M. Clark has been made a vice-president. All three have been with the organization more than 20 years.

Guests Of NY Stock Exch.

W. Stuart Symington, Chairman of the Board and President of The Emerson Electric Mfg. Co., and W. S. Snead, Vice-President and Treasurer, were the guests of Emil Schram, President of the Exchange, at luncheon on Sept. 5, on the occasion of the company's shares being admitted to the Stock Exchange list. Also in the party were Bruce Tuttle. Counsel to the company, and David Van Alstyne, Jr., Director, The guests visited the trading floor and several departments of the Exchange.

La Plant-Choate Attractive

The La Plant-Choate Company of Cedar Rapids, have prepared an elaborate Booklet with their annual report for their stockholders. The Common Stock of this Company is unusually attractive at the prevailing market prices, according to M. Wittenstein & Company, Southern Surety Building, Des Moines, Iowa, who will send copies of this Booklet upon request.

Mrs. Roosevelt Denies Advocating Negro Social Equality

Mrs. Eleanor Roosevelt, in a letter on Sept. 5 to a woman at Evergreen, Ala., declared that she did not advocate race social equality and accused political enemies of distorting her views, it was stated in a United Press dispatch from Evergreen, which also had the following to say:

In reply to a letter from Mrs. Catherine Stallworth, who had suggested to Mrs. Roosevelt that her ideas about treatment of the Negroes arose "from a lack of complete knowledge of the Negro situation in the South, particularly in the small towns where there are almost as many Negroes as whites,'" Mrs. Roosevelt wrote:

"Much that is said about my attitude on the Negro question is distorted, and exaggerated by people who are opposed to my husband and me, and by those who have deep-rooted prejudices. . . . I have never advocated social equality.

"In a democracy, however, we cannot have 12,000,000 people who are denied rights as citizens."

Those rights, as Mrs. Roosevelt summarized them, are equal opportunity for employment according to ability and at equal pay, equal opportunity for education, justice before the law, and participation in government through the ballot.

"I know in many places the Negroes outnumber the white people and that is one explanation for not giving them the right to vote," she wrote. "There can be and should be a standard of literacy and education required (for voting) and I think you will find that the Negroes will not vote as a group any more than other minority groups do in this country.

"Perhaps one of the solutions will be to move the Negroes into places where there are only a few, and thus prevent the lack of balance."

W. C. Orton, Jr. With George R. Cooley Co.

W. C. Orton, Jr., has become associated with George R. Cooley & Co., Inc., 52 William St., New York City, and will specialize in railroad and public utility securities. He was formerly with G. A. Saxton & Co. and more recently with Buckley Brothers in their New York City office.

New York State Bankers Committee To Report On Bretton Woods Conference Proposals

The appointment of the New York State Bankers Association committees for 1944-1945 was announced on Sept. 5 by the Association's President, C. George Niebank, who is also President of the Bank of Jamestown, Jamestown, N. Y. In addition to the seven committees which regularly carry on the Association's work, two special committees have been named for terms of one year each to deal with special problems arising out of the wartime economy. These are the Committee on International Monetary Matters and the Committee on Industrial Relations.

The Committee on Internation Monetary Matters was organized in July to study proposals of the Bretton Woods Conference and to report its findings to the Association, and "for the use of commerce, industry, and the broad public interest."

At a meeting last week, Percy H. Johnston, Chairman of the Board of the Chemical Bank & Trust Co., was elected Chairman of the Committee on International Monetary Matters, and the committee was expanded to include H. Donald Campbell, President of the Chase National Bank, and Bernard E. Finucane, President of the Security Trust Company of Rochester, and Vice-President of New York State Bankers Association.

Other members on the Committee on International Monetary Matters are: William C. Potter, Chairman of Executive Committee, Guaranty Trust Co., New York; George Whitney, President, J. P. Morgan & Co. Incorporated New York; Gordon S. Rentschler, Chairman of Board, National City Bank of New York; D. S. Iglehart Director, Grace National Bank and President, W. R. Grace & Co., New York; Charles H. Diefendorf, President, Marine Trust Co., Buffalo; C. George Niebank, President, Bank of Jamestown, Jamestown, and President, New York State Bankers Association.

Now E. M. Newton & Co.

BOSTON, MASS.—The name of Newton, Abbe & Co. has been changed to E. M. Newton & Co. and the firm has moved its offices to 201 Devonshire Street.

STANY Appoints New Nominating Committee

B. W. Pizzini, Chairman

Governors of The Security Traders Association of New York, Inc., announce the appointment of the following members of its nominating committee, which will pick candidates for the 1945 slate:

B. Winthrop Pizzini

Harold L. Arnold, Paine, Webber, Jackson & Curtis; Wellington Hunter, Hunter & Co.; H. Walter Mewing, D'Assern & Co.; B. Winthrop Pizzini, B. W. Pizzini & Co., Inc.; and Abraham Strauss, Strauss Bros.

Following the usual custom, the committee held its organization meeting and elected Mr. Pizzini as chairman.

Willis M. Summers, President, stated that this would be the last nominating committee appointed by the Board of Directors. Hereafter this committee will be elected by the members each year at the annual election in December.

Freight Rate Controversy

Vilas & Hickey, 49 Wall Street, New York City, are distributing an interesting comment on the freigth rate controversy. Copies of this may be obtained from the firm upon request.

AMERICAN MADE MARKETS IN CANADIAN SECURITIES
Abitibi Pr. & Paper 5s 1953
Aldred Inv. Tr. 4½s 1967
Brown Co. 5s 1959
Canada Northern Power 5s '53
Canadian Pacific Rwy. 4s '49
Consol. Paper Co. Ltd. 5½s '61
Dryden Paper Co. 6s 1949
International Hydro Elec. 6s '44
Minnesota & Ontario Pap. 5s '60
Steep Rock Iron Mines 5½s '57
HART SMITH & CO.
52 WILLIAM St., N. Y. 5 HAnover 2-0980
Bell Teletype NY 1-395
New York Montreal Toronto

American Water Wks. & Elec.
5s, 1975
Community Water Service
6s, 1946
East Coast Public Service
4s, 1948
Eastern Minnesota Power
5½s, 1951
National Public Service
5s, 1978
Tyler Building (N. Y.)
6s, 1953
Frederic H. Hatch & Co.
Incorporated
63 Wall Street New York 5, N. Y.
Bell Teletype NY 1-897

WE BUY
BONDS
WITH
Coupons Missing
•
GUDE, WINMILL & CO.
Members New York Stock Exchange
1 Wall St., New York 5, N. Y.
DIgby 4-7060 Teletype NY 1-955

American Maize Products Co.
General Tin Investment
Tokheim Oil Tank & Pump Co.
Universal Match
Frederic H. Hatch & Co.
Incorporated
63 Wall Street New York 5, N. Y.
Bell Teletype NY 1-897

Pacific Coast Stock Exchanges
Open to 5:30 P. M. (E.W.T.)
Quotations and executions for brokers, dealers and institutions on Pacific Coast securities, including those which also have eastern markets.
Direct wires
DEAN WITTER & CO.
Members New York Stock Exchange
San Francisco Stock Exchange
and other security and commodity exchanges
14 WALL STREET BArclay 7-4300
New York San Francisco
Los Angeles Honolulu

UTILITY PREFERREDS

PAINE, WEBBER, JACKSON & CURTIS
ESTABLISHED 1879

Public Utility Securities

The New Standard Gas Plan

As anticipated, because of the approaching SEC deadline, Standard Gas & Electric Company on August 28th filed an amended recapitalization plan. Under the new program, the capitalization would include $23,500,000 new five year 4% debentures and 4,967,000 shares of no-par common stock. The principal criticism of previous plans was that they did not afford bondholders an assurance of obtaining cash or securities with an aggregate value of $1,000 per bond. The Guaranty Trust Company and other representatives of the bondholders protested, and their arguments received sympathetic attention from the SEC, which is on somewhat shaky legal ground in asking bondholders of a solvent corporation to accept anything but cash in dissolution.

Under the original plan filed in March, 1943, bondholders were to receive for each bond $500 cash, a new preference common of Standard Gas, and shares in California-Oregon Power and Mountain States Power. The principal objection to this centered in the new common stock. Under the present plan each bond would receive only $90 cash, $400 in new debentures, three shares of Pacific Gas & Electric, twelve shares of Oklahoma G. & E., five shares of California-Oregon Power and two shares of Mountain States Power. Relatively small amounts of some of these securities would be sold in the open market; a block of about 29,000 shares of Pacific Gas was recently sold in a secondary distribution. The distribution worked out under the new plan is said to be based on average market prices prevailing August 15th, and any change in values subsequent to that date will be compensated for by adjusting cash—up to 3% of the basic $510 estimated value of stocks to be given bondholders. Two of the four stock issues—Pacific Gas and Mountain States—have markets, while the other two do not, and some controversy may arise over the method of estimating the value of Oklahoma and California-Oregon.

The plan is surprisingly liberal to preferred stockholders because it is the indicated intention to retain Philadelphia Company intact as the sole subsidiary of the new company. It is apparently assumed that remaining stocks of the companies mentioned above, together with Louisville Gas & Electric and Wisconsin Public Service Corp., can be disposed of at prices sufficient to pay off the $23,500,000 new debenture issue. This may require sale of Louisville to the municipality (a much better price could probably be obtained than from any other buyer) though heretofore the management has apparently wished to avoid such a sale. It is also assumed that the Wisconsin property, which has had some financial refurbishing, will bring an ample price.

If the SEC accepts the plan without subtantial revision—both the staff and the Commission suggested changes in the previous plan—and the company's hopes regarding liquidating values are realized, this may mean a substantial improvement in the estimated liquidating value of the preferred stocks, (particularly the senior issues). As of August 21st, Standard & Poor's estimated liquidating value of the $7 and $6 prior preferred stocks at $85. But if Philadelphia Company is eventually held free and clear for the new common stock, estimating the liquidating value is merely a minute's work with a pencil, instead of a laborious job of evaluating all portfolio items. Some 3% of Philadalphia Company common is traded on the Curb, and is currently around 11, which would give the 97% interest of Standard Gas a market valuation of about $55,000,000. As 76.8% of this or $42,000,000 would represent the proportion assigned to the $7 preferred stock, this works out at $114 per share.

However, it is quite possible that the present quotation for Philadelphia Company (over double last year's low) is on the high side. The company is earning $1.05 a share currently, but is probably paying a lower Federal tax because of its inclusion with the rest of the Standard Gas system. Also, its important subsidiary, Duquesne Lighting, operates in the Pittsburgh steel area and postwar earnings may decline. It thus appears a little optimistic to assume that the eventual value of Standard Gas $7 prior preferred can be geared to the present quotation for Philadelphia.

Fashion Park Attractive

A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad St., New York. Copies of this interesting study may be had from the firm upon request.

American Gas & Power 3-5s & 3.6s 1953
Associated Gas & Electric Issues
Crescent Public Service 6s 1954
Portland Electric Power 6s 1950

GILBERT J. POSTLEY & CO.
29 BROADWAY, NEW YORK 6, N. Y.
Direct Wire to Chicago

Revise "Little Steel" Formula: Murray

(Continued from page 1035)

ing each other, in shortsighted and selfish disregard of our common peacetime welfare.

"Victory today is nearly within our grasp. But are we prepared for it? Are we ready to give the same full measure of united and enthusiastic effort to the war against poverty at home that we have given to the war against tyranny and oppression abroad?

"The struggle that will follow this war, a struggle that is already beginning, is the battle for plenty, the battle for freedom from want and fear. We are all in this struggle together. The Congress of Industrial Organizations believes that we can and will win this struggle, as we shall win the war.

"Our aim is full production and full employment—jobs for all. For this, we must maintain a national economy operating at the highest possible level of income-producing activities. I do not believe this highest possible level has been reached, even with all the production miracles we have performed during this war, since a dozen million of finest men and women have been out of industry. When they return, jobs must be found for them as well as for the 50,000,000 men and women who are now employed in industry.

"We believe that the kind of planning and cooperation between government, labor, industry and agriculture, which have made possible the high levels of war production, can also make possible still further expansion of production and employment for peacetime purposes.

"On the other hand, if post-war production is left to the uncontrolled whims of some of the owners of industry who are already thinking of curtailing production, shutting down plants, and hoping to profit from high prices and low wages, the results for the whole nation, and particularly for the workers, farmers and returning servicemen, will be too horrible to contemplate.

"Labor appeals to forward-looking industrialists, as well as to all other sections of the population, to plan and work with it and with government to prevent such an outcome; and to recognize that post-war prosperity can be built only upon rising levels of domestic purchasing power, upon increased export trade and upon the expanding production and employment that will result from them.

"Certainly the needs of the American people for goods and services, and the needs of the peoples of the many war-torn and devastated countries, will be great enough to justify an almost unlimited expansion of peacetime production. More and more food, clothing, housing, education, medical care, recreation and countless other things will be needed for a decent standard of living for our own people, and for other peoples who may buy from us. And as living standards rise, so too will the demand increase for more goods, better goods, and new forms of production.

"One of the first steps necessary, therefore, if we are to have jobs for all after the war, is to increase the purchasing power of the American people. This step is prevented at the present time by the so-called 'Little Steel' formula, which has frozen wage rates at a level far below that of wartime living costs. Any shortening of working hours, due to cutbacks, will reduce the purchasing power of American working people still further below the level of health, decency and efficiency.

"The CIO therefore contends that the 'Little Steel' formula must be revised, both to adjust present wages to increased living costs, and to provide some foundation of purchasing power for national prosperity in the transition and post-war periods.

"Another step necessary for full employment is establishment of the principle of a guaranteed annual wage throughout American industry. There is no sound reason why industrial workers should continue to be the only substantial group in America who cannot figure their income in yearly terms, but must live from week to week, or even from day to day, without knowing if they will have any income at all on the morrow.

"Congress ,through the tax laws, has guaranteed the owners of industry a 'normal' rate of profits for two years after the war. But their employees have no similar guarantee of security. A guaranteed annual wage would give working people some assurance of a livelihood throughout the year. It would also create a steadier demand for the goods and services of farmers, professional people and businessmen—thus spreading greater prosperity throughout the community.

"Cooperation between industry and labor is another essential for full production after this war. Only chaos and disruption of our industrial life will result if employers look to the war's end as an opportunity for a union-breaking, wage-cutting open-shop drive, and if labor unions have to resort to widespread strikes to defend their very existence and the living standards of their members.

"The Congress of Industrial Organizations offers its sincere cooperation to the many forward-looking employers who are seeking to avert such tragic industrial strife. If industry generally will respect the rights of organized labor, will bargain with the unions in good faith, and will recognize that post-war prosperity must be built upon increasing purchasing power and increasing production, our unions will help to preserve industrial peace and will cooperate to the limit to increase the production of goods and services upon which our common prosperity depends.

"This war has taught us that America does not and cannot stand alone, isolated from the rest of the world. Our future peace and economic welfare depend upon intelligent international collaboration with other nations. Labor looks with great hope to the outcome of such conferences as those at Bretton Woods and Dumbarton Oaks. It wishes to play its part and make its contribution to such international planning. That is why it asks for labor representation at such conferences and at the final peace table. We recognize that full employment after the war will depend not only on our domestic market, but also on the increased export trade that international planning for the orderly and peaceful interchange of goods will make possible.

"The key to this program for full production and jobs for all is national as well as international planning. We recognize that private industry has the primary responsibility for providing full employment. But we cannot rely solely upon its uncontrolled profit instincts to perform this task, without risking an even worse depression than followed the last war.

"A program for reconversion, and for full production and employment after the war, must be worked out at once by government in cooperation with industry, labor, agriculture and all other affected groups; and the necessary machinery for planning and directing this program must be established.

"Nor can we take any chances of working people and ex-servicemen starving, as result of any failures on the part of private industry. Social security legislation must be expanded, and the Government must be prepared to take up employment lags with a program of public works to provide useful work, with standard wages and working conditions, for those whom private industry fails to employ.

"I am sure most of my listeners will agree with me upon the benefits, yes, the necessity for such a program as I have outlined for jobs for all. But many of you may wonder how you, as ordinary citizens, may help to bring this about.

"The answer is, through political action. Working people may do much to bring these things about through joining, strengthening and giving intelligent direction to their union organizations. Farmers and businessmen may help through their organizations. But many of the major decisions have to be made by the American people as a whole, by every one of us as citizens and voters.

"The political activities of the CIO are devoted solely to arousing as many people as possible to the need for making their votes count in the coming elections for such purposes as I have indicated today. Our aim is to get every possible citizen to register and then vote on election day. For we are confident that in proportion as more Americans go to the polls, the more will the election results reflect and make effective the wishes of the vast majority of our people for speedly and total victory, and for post-war security, with full production and jobs for all."

Kuhn, Loeb Syndicate Offer Armour Co. Issue

A banking group headed by Kuhn, Loeb & Co. is offering $65,000,000 first mortgage 20-year 3¼% sinking fund bonds, series E, of Armour & Company. The bonds, dated Sept. 1, 1944, are priced to the public at 102¼% plus accrued interest.

Other members of the underwriting syndicate, in addition to Kuhn, Loeb & Co., are: The First Boston Corporation; Harriman Ripley & Co., Inc.; Smith, Barney & Co.; Blyth & Co., Inc.; Goldman, Sachs & Co.; Lee Higginson Corporation; Lehman Brothers; A. G. Becker & Co., Inc.; Glore, Forgan & Co.; Kidder, Peabody & Co.; Ladenburg, Thalmann & Co.; Lazard Freres & Co.; Stone & Webster and Blodget, Inc.; Union Securities Corporation, and White, Weld & Co.

Net proceeds to be received by the company from the sale of these bonds, together with proceeds from the sale to a group of banks of $10,000,000 principal amount of serial promissory notes and other corporate funds, will be used to redeem all of the company's first mortgage bonds, series B, series C and series D, outstanding in $76,365,000 aggregate principal amount. The series B, C and D bonds will be called for redemption at 105% and accrued interest at the earliest date possible after the issuance and delivery of the series E bonds.

Interesting Municipal

The 3¼% non-callable water revenue bonds of the West View Municipal Authority, Pa. (formerly Pittsburgh Suburban Water Service Co.) offer an interesting situation, according to a descriptive circular being distributed by Graham, Parsons & Co., 1421 Chestnut Street, Philadelphia, Pa., members of the New York and Philadelphia Stock Exchanges. Copies of this circular may be had from Graham, Parsons & Co. upon request.

Bond Brokers

VILAS & HICKEY
Members New York Stock Exchange
49 Wall Street New York 5, N. Y.
Telephone: HAnover 2-7900
Teletype: NY 1-911

Inquiries Invited
When, As and If Issued Securities
Denver & Rio Grande Western Railroad Co.
Western Pacific Railroad Co.
Minn., St. Paul & S. S. Marie Railway Co.
Chicago, Indianapolis & Louisville Ry. Co.
Seaboard Air Line Railway Co.
Chicago, Milwaukee, St. Paul & Pacific R. R. Co.
Chicago, Rock Island & Pacific Ry. Co.
PFLUGFELDER, BAMPTON & RUST
Members New York Stock Exchange
61 Broadway New York 6
Telephone—DIgby 4-4933 *Bell Teletype*—NY 1-310

A Fair Trial

(Continued from page 1035)

Because it is empowered to employ functions already possessed and exercised by the Securities and Exchange Commission, the NASD seems to us a superfluous body.

Because it enjoys monopolistic privileges which in our opinion are contrary to the public interest, and make it imperative for certain dealers to join, we believe the claim that membership is voluntary to be misleading.

Because trial for alleged violation of the rules is by committees of competitors, barren of a number of constitutional safeguards, we believe there is no guarantee of a fair trial, and that this basic right has been violated again and again.

Because the NASD and SEC operate in liaison as provided in the Maloney Act, we are of the opinion, that the right of review which the SEC possesses over NASD disciplinary proceedings, is an empty and costly gesture fraught with danger.

Because the NASD can hope for sympathetic understanding from its liaison partner, the SEC, we find the atrocious 5% spread principle inflicted upon dealers in securities, thus modifying trade custom and usage, whilst at the same time dodging the requirements of the Maloney Act and the NASD by-laws.

The NASD has not been alone in the whittling away of freedoms, and rights, under the guise of voluntary self-regulation.

For example, do you know, that under the by-laws of the Curb Exchange, a member on trial may not be represented by a lawyer?

Cases such as that of Avery & Co. against the New York Curb Exchange are made possible because of so called attempted self-regulation in which basic rights are ignored.

The firm of Avery & Co., after trial by the Curb Exchange, was suspended, and compelled to dissolve.

In a pending action in the New York Supreme Court, it seeks damages of some $886,000, charging the trial was unfair, that certain members of the Board were prejudiced, that no opportunity was afforded to present testimony, and other irregularities.

The merits of this controversy are still to be decided, and it is not our function nor do we presume to judge it.

However, we do take the position that in so vital a matter as a man's right to continue to earn his livelihood, he should not be judged by a panel of his competitors.

Promising Post-War Field

The air conditioning field represents one of our most promising post-war industries and should prove of unusual interest to the investor with an eye on the future according to J. S. Bache & Co., members of the New York Stock Exchange, who have prepared a detailed study of the field. Copies of this study, giving a picture of the general background of the industry and pertinent information on the leading companies may be had upon request from J. S. Bache & Co., 36 Wall Street, New York City.

Bright Possibilities

Giant Portland Cement is a low-priced stock in an industry with a bright future and offers interesting possibilities, according to a circular prepared by Lerner & Co., 10 Post Office Square, Boston, Mass. Copies of this circular may be had from Lerner & Co. upon request and also a circular on Riverside Cement class A which the firm believes is an outstanding cement stock with a dividend arrearage.

Railroad Securities

Although it is the general consensus that termination of the European phase of the war, and the consequent cut-back in armament production, will have little influence on the market status of high grade rail bonds, the railroads themselves are apparently unwilling to take any chances. Those contemplating refunding operations are anxious to get them over with as soon as possible, and while market conditions are so highly favorable.

Three major railroad terminal refunding operations have already been completed, and the nearby calendar includes operations by Great Northern, Gulf, Mobile & Ohio, Erie, Union Pacific, Burlington and Louisville & Nashville.

The largest operation now under consideration, and, in fact, one of the largest railroad offerings in this century, is that of Great Northern. This offering, scheduled for early next week, comprises three series of the road's General Mortgage in the total amount of $100,000,000. Proceeds will be utilized for retirement of roundly $120,000,000 of bonds now outstanding, including the road's' only two divisional liens. Completion of the refunding will make Great Northern the first of the major carriers to reach the point of having only one mortgage outstanding on the property. Also, it will have no Debentures outstanding, the entire debt consisting of equipments and the various series of General Mortgage bonds. Unfortunately the high coupon series of this mortgage are not callable and so may not be included in the refunding.

With the present refunding program Great Northern jumps way to the fore among railroads (other than those undergoing reorganization) in the struggle to reduce fixed charges. How far the company has come in its march towards credit recovery is best attested by the fact that less than 10 years ago there was considerable apprehension as to its ability to refund a large maturity of 7% bonds. The refunding was accomplished only by offering a conversion privilege on the new bonds and only after the RFC had itself offered to do the job at a 4% interest cost. These convertible bonds will be eliminated in the pending refunding operation.

On completion of the present program the fixed charges of Great Northern will be reduced to an indicated level of $10,400,000. This will represent a cut of roundly $9,200,000, or 47%, from the level supported 10 years ago. In addition, the refunding will eliminate all maturities of non-equipment debt falling due prior to 1952 when the non-callable 5½s, outstanding in the amount of slightly less than $30,000,000, will fall due. The total non-equipment debt will be reduced to less than $250,000,000, a cut of more than $65,000,000 since the beginning of 1941.

The reduced fixed charges of around $10,400,000 place the company in a position which may be considered depression-proof. It is difficult to conceive of conditions under which the road would not be able to cover these requirements consistently by a wide margin. Obviously this credit improvement has an important bearing on the status of the preferred stock of the road, the only stock it has outstanding. In addition to the benefits coming from lower fixed charges, the stock's position is also seen as improved materially through elimination of near term maturities. It should no longer be necessary to divert such a large proportion of earnings to debt retirement. Consequently it should be possible to adopt a more liberal dividend policy.

Since dividends were resumed late in 1940 the stock has been held to a $2.00 annual dividend rate, although earnings reached as high as $11.63 a share in 1942 and amounted to $7.84 a share last year despite higher costs and taxes. Moreover, Great Northern is one of the few roads which has been reporting earnings this year comparing favorably with 1943. It is considered among most followers of railroad securities that the improvement in the position of the stock has not had nearly sufficient market recognition as yet.

Buckley Bros. Now L. A. Exch. Members

Buckley Brothers announce that they have been admitted to membership on the Los Angeles Stock Exchange. The firm, which was formed in 1932 in Philadelphia, where its principal office is located, at 1529 Walnut Street, has membership also on the New York Stock Exchange and the Philadelphia Stock Exchange. In addition to its New York office at 63 Wall Street and Los Angeles office at 530 West 6th Street, the firm maintains offices in Pittsburgh, Penna., and Hagerstown, Md.

***Western Union Telegraph Company**
Debenture 4s, 1981
(When as, and if issued)

Northern Pacific Ry.
Gen'l & Land Grant
3s, 2047

Bought - Sold - Quoted

***Summary on Request**

ERNST & CO.
MEMBERS
New York Stock Exchange and other leading Security and Commodity Exchs.
120 Broadway, New York 5, N. Y.
231 So. LaSalle St., Chicago 4, Ill.

SEABOARD AIR LINE RAILWAY COMPANY
TRADING MARKETS
Old and New Securities
VAN TUYL & ABBE
72 WALL STREET
NEW YORK 5

Baltimore & Ohio
Conv. 4½s, 1960

Pollak Manufacturing

Raymond & Co.
148 State St., Boston 9, Mass.
Tel. CAP. 0425 : : Teletype BS 259
N. Y. Telephone HAnover 2-7914

Attractive Utility

Stock of Western Massachusetts Companies offers a situation with a good return and attractive post-war possibilities according to a detailed study of the situation prepared by New York Hanseatic Corporation, 120 Broadway, New York City. Copies of this interesting study may be had from the firm upon request.

Virginian Railway
Preferred Stock

Adams & Peck
63 Wall Street, New York 5
BOwling Green 9-8120 Tele. NY 1-724
Boston Philadelphia Hartford

Discussion of
"Interpretation of Narrowing Trend of Rail Earnings Decline"
Copy on request
McLAUGHLIN, BAIRD & REUSS
Members New York Stock Exchange
ONE WALL STREET NEW YORK 5
TEL. HANOVER 2-1355 TELETYPE NY 1-1310

We are now trading as brokers and dealers in the new "when issued" securities of the new SEABOARD RAILWAY COMPANY.
SEABOARD 50 year 1st 4s
SEABOARD 70 year income 4½s
SEABOARD Non-Cumulative Pfd.
SEABOARD common
A stock exchange name is given and required by us on all transactions.
l. h. rothchild & co.
Members National Association of Securities Dealers, Inc.
specialists in rails
52 wall street n. y. c. 5
HAnover 2-9072 tele. NY 1-1293

TRADING MARKETS IN
REAL ESTATE
SECURITIES
★ ★ ★
SHASKAN & CO.
Members New York Stock Exchange
Members New York Curb Exchange
40 EXCHANGE PL., N.Y. DIgby 4-4950
Bell Teletype NY 1-953

We Are Interested In Buying
ALL
FRED F. FRENCH Stocks
AND
TUDOR CITY UNITS
C. H. TIPTON
SECURITIES CORP.
Members N. Y. Security Dealers Ass'n
111 BROADWAY
NEW YORK 6, N. Y.
WOrth 2-0510

TITLE CO.
CERTIFICATES &
MORTGAGES
Bought—Sold—Quoted
BENJAMIN, HILL & CO.
Members New York Stock Exchange
1 WALL STREET, N. Y.
DIgby 4-0964

Invest in
New York City
Real Estate
Securities yielding 6% to 10% with good liquidating possibilities
Current offering list sent upon request
Arthur I. Korn & Co.
50 Broad St., N. Y. C. 4 HA 2-7939
Real Estate Securities of All Types Bought - Sold - Quoted

TRADER AVAILABLE
An over-the-counter trader, who is specializing in real estate issues with a New York Stock Exchange firm, is now available, preferably to a Stock Exchange house desirous of opening an over-the-counter trading department. Over draft age. Box L 6, Commercial & Financial Chronicle, 25 Spruce St., New York 8.

Phila. School Dist. Report

Moncure Biddle & Co., 1520 Locust St., Philadelphia, Pa., members of the Philadelphia Stock Exchange, have available for distribution the Annual Report of the School District of Philadelphia. Copies may be had from the firm upon request.

Situation Attractive

L. J. Schultz & Co., 76 Beaver Street, New York City, have prepared an analysis of Lamson & Sessions, whose quarterly dividend recently was increased from 15 cents to 20 cents per share. Copies of this interesting study may be had from the firm upon request.

SPECIALISTS
in
Real Estate Securities
Since 1929
Seligman, Lubetkin & Co.
Incorporated
Members New York Security Dealers Association
41 Broad Street, New York 4 HAnover 2-2100

Real Estate Securities

By JOHN WEST

Apartment Houses

Trend of the times is indicated by new classified advertisements appearing in the newspapers—"Apartments for Exchange." Tenants in New York apparently refuse to give up their present living quarters unless they are sure of being able to locate elsewhere.

One hundred per cent occupied apartment houses are going to make a big difference in earnings. The normal method in figuring operating costs of apartment houses has been to deduct from 10% to 15% of the annual rent roll for vacancies.

General operating costs of apartment houses is much lower than apartment hotels. Labor needed is much less. As a matter of fact, the writer knows of several cases where apartment hotels may be converted into straight apartment houses after the war.

Real estate bond issues on apartment houses are very few. Most apartment houses were financed by guaranteed mortgage participations.

Most prominent apartment house bond issue in New York City is the London Terrace Apartments. Yield of about 9% is currently obtainable on these bonds, based on last interest payment and present market price.

Among the more active of Title issues on New York City apartment houses are the New York Title & Mortgage Company participations.

Partial list of these issues follows. Included are interest payments (based on last two semi-annual paymentts) and current market price.

Address	Interest	Bid
390 Riverside Drive	2.13%	40
395 Riverside Drive	1.90	34
1136 Fifth Avenue	4.25	47
520 West 94th Street	2.75	40
651 West 188th Street	4	63
652 West 189th Street	4	63
651 West 189th Street	4½	65
1174 Madison Avenue	4	47
2496 Broadway	2.88	27
340 Riverside Drive	2	32
600 West 111th Street	3	35
90 Riverside Drive	2	33
2650 Broadway	1.4	26
239 Central Park West	2¾	37½
900 West End Avenue	2¼	35
1200 Madison Avenue	2¾	42
779 Riverside Drive	4¼	52
393 West End Avenue	3½	47
230 West End Avenue	5½	70
40 West 77th Street	3	41
4761 Broadway	5	60
170 Second Avenue	1½	33
440 West End Avenue	3.4	42
95 Northern Avenue	4½	64
92 Northern Avenue	4½	63
307 East 72nd Street	4½	56
6 West 77th Street	3.4	37
104 West 86th Street	3½	45
144 West 86th Street	3½	50
975 Park Avenue	3¾	48
350 Central Park West	3.6	43½
175 West 93rd Street	2	37
302 East 79th Street	4.6	56
201 West 85th Street	3	46
410 Central Park West	3¾	35
467 Central Park West	2½	26
49 East 96th Street	3½	42
310 West 72nd Street	3½	46
138 East 28th Street	4½	55
448 West End Avenue	4½	55
300 West 23rd Street	5	80

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Clayton L. Holden** has become associated with **F. L. Putnam & Co., Inc.,** 77 Franklin St. Mr. Holden previously was with Schirmer, Atherton & Co. and Tifft Brothers.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**G. C. Frame** is now with **Bankamerica Company,** 650 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**Michael C. Niccoli,** previously with Sutro & Co. and Searl-Merrick Co., has joined the staff of **Samuel B. Franklin & Co.,** 215 West Seventh St.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**Cecil J. Downs** is now with **E. F. Hutton & Company,** 623 South Spring St.

(Special to The Financial Chronicle)

OAKLAND, CAL. — **Arthur J. Grant** has been added to the staff of **Geo. H. Grant & Co.,** Central Bank Building.

(Special to The Financial Chronicle)

PASADENA, CAL. — **Christopher H. Clarke** is now affiliated with **Leo G. MacLaughlin Co.,** 54 South Los Robles Avenue. Mr. Clarke was formerly with H. R. Baker & Co., Franklin Wulff & Co., and Bankamerica Company.

(Special to The Financial Chronicle)

SAN FRANCISCO, CAL.—**William Rathie, Jr.,** is now with **Davies & Mejia,** Russ Building.

(Special to The Financial Chronicle)

SEATTLE, WASH.—**William A. Netherby** has joined the staff of **Foster and Marshall,** 1411 Fourth Avenue Building.

Kugel & Sparks Is Formed In New York

Announcement has been made of the formation of Kugel & Sparks, with offices at 70 Pine Street, New York City, to deal in United States Government securities.

J. H. Kugel, one of the partners, is an analyst on money market factors and securities, having specialized in this subject at the London School of Economics. For the last five years he has had his offices with Winslow, Douglas & McEvoy, members of the New York Stock Exchange.

Robert H. Sparks, the other partner, is nationally known to institutional investors through his connection for the last eight years with C. J. Devine & Co. He will be in charge of the sales and trading activities of the new firm.

OUR REPORTER'S REPORT

What promises to be perhaps the year's most active quarter in new financing got underway today with the public offering by bankers of an issue of $65,000,000 of new first mortgage 20-year 3¼% sinking fund bonds, series E, of Armour & Co.

The manner in which the calendar of prospective new issues has been piling up through the the summer months, indicates that investment bankers and their underwriters will have plenty to keep them busy between now and the end of the year unless, of course, something unforeseen happens to necessitate a recapitulation of the over-all situation.

Although sudden collapse of the war in Europe might conceivably make for a brief interlude of indecision, it is not the opinion in banking circles that it would hold back for long the flow of new offerings now in prospect.

The proceeds of the Armour & Co. offering today will be applied along with $10,000,000 of bank loans and other company cash to the retirement of a total of $76,365,000 of outstanding series B, C and D bonds at a 5% premium and interest.

Preliminary inquiry indicated that the current offering would enjoy a ready market, standing as the first sizeable industrial issue available to investors in some time.

A Bit More Philosophical

The underwriting and distributing fraternity was inclined to be a bit more philosophical regarding the trying experience which is just ahead of them when on next Tuesday a total of five issues will be up for open bidding.

Until the other day it had appeared the number would be six, but it is now indicated that, due to certain corporate considerations, the Birmingham Electric Co. will allow its projected $100,000,000 issue to go over for at least a week.

But there remains $100,000,000 of Great Northern Railway bonds; $14,000,000 of Connecticut Light & Power bonds; a $10,600,000 issue of Empire District Electric Co., plus 350,000 shares of its common stock, which is a secondary operation, and a $7,500,000 issue of Pillsbury Flour.

As one authority put it "it's a tough schedule but we'll do the best we can and hope for a minimum of short tempers."

New Additions To List

The last few days brought a sizeable increment to the list of future prospects with the four largest new registrations footing up to an aggregate of some $247,000,000 face amount.

Largest of these is the proposal by Philadelphia Electric Co. looking toward the sale of $65,000,000 of 2¾%, 25-year bonds and an equal amount of 30-year bonds, to retire its $130,000,000 of outstanding 3½s, due in 1976.

Next in line is the projected operation of the Oregon-Washington Railroad & Navigation Co., operated by the Union Pacific under lease, involving new issues in the amount of $72,194,000.

The company would sell $54,750,000 of new series A and $17,444,000 of series B mortgage bonds, carrying a 3% coupon. The smaller issue would be accepted for a like amount of old bonds held by Union Pacific, on the same terms as the issuer receives for the larger portion of the issue. The proceeds from the latter would retire outstanding 4s.

Arkansas Power & Light Co. plans to sell $30,000,000 of new 30-year first mortgage bonds at not less than 102 and retire $30,800,000 of outstanding 5s, while Capital Transit Co. is preparing a $15,000,000 refunding operation.

Commonwealth Edison

Commonwealth Edison Co.'s huge refinancing program, involving the company and its subsidiary, Public Service Co. of Northern Illinois, will be carried out via negotiation with its bankers, the company has revealed.

Charles Y. Freeman, chairman, noting the scope of the undertaking—$155,000,000—says the program would not lend itself readily to competitive bidding. The company will issue $75,000,000 new bonds to retire $98,000,000 of its own debt, using surplus cash for difference, and will refinance $80,000,000 of the subsidiary's debt.

Indications now are that the company will seek to market the new securities along about mid-October.

Van Sinderen Director Of National Surety

Adrian Van Sinderen, president National Bank of Jersey City, been elected a director of National Surety Corporation it was announced by Vincent Cullen, president. Mr. Van Sinderen is also a director of New York Telephone Company and the Brooklyn Trust Company, and president of the Brooklyn Institute of Arts & Sciences, president of the Brooklyn Hospital and trustee of United Hospital Fund.

Adrian Van Sinderen

Kenneth Dietz With Shearson, Hammill Co.

Shearson, Hammill & Co., members of the leading security and commodity exchanges, announce that Kenneth F. Dietz is now associated with their New York office, 14 Wall Street, as Special Research Analyst. He will work directly with Murray D. Safanie, partner in charge of Research, who recently resumed his duties with the firm after serving for over two years in the Navy Department's Office of Procurement and Material and as Procurement Review Assistant to the Secretary. Mr. Dietz previously had been acting head of E. F. Hutton & Company's Research Department.

Franz Osthaus With Bateman, Eichler Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Franz Osthaus, a member of the Los Angeles Stock Exchange, has become associated with Bateman, Eichler & Co., 453 S. Spring Street, Los Angeles Exchange members. Mr. Osthaus was formerly a Vice-President of Wyeth & Co. and its predecessors.

Eastman, Dillon & Co. Adds Laszlo Berger

Eastman, Dillon & Co., 15 Broad Street, New York City, members of the New York Stock Exchange, announce the appointment of Laszlo Berger to the firm's sales staff. Mr. Berger was formerly associated with Carl M. Loeb, Rhoades & Co. and before that was with Hayden, Stone & Co.

"Our Reporter On Governments"

By JOHN T. CHIPPENDALE, JR.

The outstanding feature of the Government bond market last week was the continued strong demand for the taxable bonds, many of which made new highs for the year with several of the intermediate maturities selling at their best levels since the date of issuance. . . . The banks have funds that must be invested, and it is indicated that they are lengthening maturities somewhat by going into the intermediate taxables, which give a larger return than the short-term obligations and at the same time do not involve a large amount of premium. . . . It was also learned that short-term obligations and the longer taxable securities were still being purchased in combinations in order to get increased income. . . .

FOUR "BANK" ISSUES UNDER 101

It was pointed out that despite the fact that the Government debt reached an all-time high last week, and the end of deficit financing is not yet in sight, there are only four marketable bond issues eligible for purchase by commercial banks, selling under 101. . . . Three of these securities are in the intermediate maturity group and are still considered attractive at these prices, because of the income obtainable and the small amount of premium at which they are selling although they all made new highs for year in the past week. . . .

These bonds are the 2% due 9-15-51/53 at 100 27/32, to yield 1.87%; the 2% due 12-15-51/55 at 100 24/32, giving a return of 1.89%, and the 2% due 6-15-52/54 at 100 19/32, giving an income of 1.92%. . . . The only other issue selling at less than 101 is the longest maturity, the 2½% due 9-15-67/72 at 100 19/32, to yield 2.47%. . . .

It is reported that these bonds have been in demand for trust accounts, while the commercial banks have been purchasers of these securities along with the shorter maturities as units, in order to improve income. . . .

It is interesting to note that although the Government bond market has been very strong and many of the taxable issues have made all-time highs, the Federal Reserve Banks have been heavy sellers of Government securities, with a maturity of over five years. . . . Between July 12, a few days after the ending of the Fifth War Loan and Aug. 30, Federal disposed of more than $232,000,000 of these obligations, which no doubt has helped to keep the bond market orderly, but did not prevent certain sections of it from going into new high levels for the year. . . .

PARTIAL EXEMPTS AND TAX OUTLOOK

The partially exempt obligations were somewhat firmer near the end of last week with some minor gains being registered in the longer-term maturities. . . . There has been considerable discussion about post-war taxes and, despite the many plans already put forward, it is the considered opinion of well-informed tax people that while excess profits taxes will no doubt be the first to be reduced, it is not believed that changes in these taxes will be forthcoming immediately after the ending of the war with Germany. . . .

It was learned that many tax experts lean to the belief that it may be at least a year after the ending of the Japanese war before any reduction will be made in excess profits taxes. . . . If the Japanese are defeated in the latter part of 1945, as is forecast by military experts, it would be well into 1946, or about two years from now, before changes would be looked for in excess profits taxes. . . .

Also, it was pointed out, that these taxes will probably be reduced gradually over a period of time and not eliminated entirely at one time. . . . With reference to the surtaxes, it was stated that most students of tax affairs hold the opinion that this type of tax will be with us for a considerable period of time after the war ends. . . . In view of these opinions on future taxes it was reported that some institutions which had been sellers of the partially exempt securities have withdrawn, for the time being, from the market. . . .

BOND REDEMPTIONS

The Treasury Department recently announced that starting Oct. 2, 1944, holders of the prewar defense "baby" bonds, series "A" through "D" and the holders of the series "E" war savings bonds will pe permitted to cash these securities upon presentation at the banks. . . . The Government obviously is getting ready for increased redemptions of war savings bonds, when Germany falls, as well as during the period thereafter, so that investors who may need cash can obtain it quickly to carry them over the transition period. . . . The latest available statistics indicate that the bonds outstanding for each series is as follows:

Prewar Defense Bonds

	Amount Outstanding
Series "A," issued 1935, due 1945	$179,000,000
Series "B," issued 1936, due 1946	319,000,000
Series "C," issued 1937, due 1947	406,000,000
Series "C," issued 1938, due 1948	488,000,000
Series "D," issued 1939, due 1949	800,000,000
Series "D," issued 1940, due 1950	990,000,000
Series "D," issued 1941, due 1951	443,000,000
Total	$3,625,000,000

War Savings Bonds, Series "E"

Outstanding	$23,715,000,000
Total outstanding, series "A" through "D" and and series "E" savings bonds	27,340,000,000

Of the total of $27,340,000,000 of these bonds outstanding, $3,625,000,000 of the series "A" through "D" savings bonds together with $1,241,000,000 of series "E" savings bonds, or a total of $4,866,000,000, were purchased prior to 1942. . . . In other words, these bonds were acquired before our entrance into the war, when patriotism was not the motivating influence that it is today. . . .

It seems reasonable to assume that a large amount of the bonds bought in this period was strictly for investment purposes and will not be turned in for redemption. . . .

It has been assumed by some that the series "E" bonds sold through payroll deductions plans are in the weakest hands, but it has been estimated that not more than 42% of the total of these bonds presently outstanding have been sold by such means and a large part of this no doubt represents purchases that have been made for savings and a substantial part of them will not be immediately presented for payment. . . .

HOW TOMORROW'S WEATHER CONCERNS YOU . . . as an Investor

Mark Twain said, "Everybody talks about the weather, but nobody does anything about it" . . . air conditioning has done something about it.

Result: a great new industry.

Our latest study AIR CONDITIONING, available on request, affords a picture of the general background of the air conditioning industry and gives pertinent information on the leading companies.

Because the air conditioning field represents one of our most promising postwar industries, it should prove of unusual interest to the investor with an eye on the future.

J. S. BACHE & CO.
MEMBERS NEW YORK STOCK EXCHANGE AND OTHER LEADING STOCK AND COMMODITY EXCHANGES
36 Wall Street, New York 5, N. Y.
Uptown Office Chrysler Bldg.
Other Branch Offices in principal cities

DON'T LET UP—BUY MORE WAR BONDS

LARGE-SCALE LIQUIDATION NOT INDICATED

The United States is essentially a nation of savers, as is evidenced by the continual increase in deposits in the savings banks as well as the growing volume of life insurance that is being purchased each year. . . . Because of the thrift of the people, it is not believed that they will turn to large-scale spending, which would result in heavy cashing of war savings bonds. . . . While it is expected there will be some acceleration in the rate of redemptions of savings bonds, to tide people over the period of unemployment during conversion, as well as for purchase of necessities and semi-necessities in the post-war period, it is not believed that savings accumulated through the war period will be dissipated since financial security is still very important to most of the people in the nation. . . .

Fear of price declines in Government bonds such as occurred after the last war and which caused public liquidation of the Liberty Bonds has been eliminated through the savings bonds issued in this war, with fixed schedules of values. . . .

The Treasury, by making funds immediately available to the holders of savings bonds through the banks, will probably be able to retain a considerable part of these funds for a longer period of time, since many individuals will not need to anticipate cash requirements and redeem bonds ahead of time, now that these securities can be turned into cash as readily as a savings bank account. . . .

Redemption of the series "E" war savings bonds are currently running at the rate of about $10,000,000 a day, or more than 50% of sales. . . . In July redemptions amounted to $226,000,000, slightly under the June level of $230,000,000. . . .Nevertheless, the Treasury recently announced that redemptions of series "E," "F" and "G" bonds from May, 1941 to Aug. 23, 1944, averaged only 9.23% of total purchases. . . . While dollar volume of redemptions may rise, because the amount of money invested in bonds will increase, no gain in percentage of redemption is expected by the Treasury. . . .

CONVERTIBLE OFFER SUGGESTED

To the extent that redemptions of these bonds exceeds purchases the Treasury will have to draw down its cash balances or sell new securities to pay them off. . . . If the funds used to redeem these bonds are obtained through the sale of securities to the commercial banks then it results in an increase in deposits and purchasing power, neither of which are necessary or desirable at this time. . . . The suggestion has been made that an offer to convert the series "E" securities into coupon bonds on terms advantageous to the owners of these obligations might be of interest to many holders of these bonds. . . . Also, it has been suggested, that the proceeds realized from the sale of war surpluses be used to a large extent to meet the demands to redeem war savings bonds. . . .

It was pointed out, that through these two methods, the holders of war savings bonds would continue to be important in the war financing, until the national budget is brought into balance, while at the same time the problems that would arise from heavy redemption of these bonds would be reduced. . . .

ADVERTISEMENT

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number forty-eight of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

Encore

A few weeks ago, by invitation of the National Franklin Committee of the Franklin Institute in Philadelphia, we presented Benjamin Franklin as our guest columnist. We hoped that he would be back again with us some day. So, here again, we give you Dr. Franklin—in the form of a letter he wrote to Charles Thomson in 1784, just one hundred and sixty years ago. Many have tried to say what Dr. Franklin expressed in his letter, but who has said it as well?

* * * * *

"A few years of peace, well improved, will restore and increase our strength; but our future safety will depend on our union and our virtue . . . Let us therefore beware of being lulled into a dangerous security; and of being enervated and impoverished by luxury; of being weakened by internal contentions and divisions . . . of neglect in military exercises and discipline, and in providing stores of arms and munitions of war to be ready on occasion; for all these are circumstances that give confidence to enemies and diffidence to friends; and the expenses required to prevent a war are much lighter than those that will, if not prevented, be absolutely necessary to maintain it."

* * * * *

Wisdom is of the ages; it is not dated. And there were wise men in our America in its early days, too. In the flesh they are absent, but their spirits hover nearby. Let's consult them occasionally, and let's not call them "old fashioned."

Again—thank you, Dr. Franklin!

MARK MERIT
of SCHENLEY DISTILLERS CORP.

P. S. Ben Franklin said, "Get what you can, and what you get hold." Today we say, War Bonds—Buy 'em and hold 'em!

FREE—*Send a postcard or letter to Schenley Distillers Corp., 350 Fifth Ave., N. Y. 1, N. Y. and you will receive a booklet containing reprints of earlier articles on various subjects in this series.*

C. E. Grafmueller Now With Riter & Co.

C. Edward Grafmueller has become associated with Riter & Co., 40 Wall Street, New York City, members of the New York Stock Exchange. He has been in Detroit for the last two years with the Army Ordnance Department. Prior to that he was associated with Shields & Co. in charge of retail distribution and before that was with Eastman, Dillon & Co. in their sales organization.

Use Of Put & Call Options

Filer, Schmidt & Co., 30 Pine Street, New York City, have just prepared a pamhlet showing eleven ways to use put and call options, which they feel should be of particular interest to customers brokers, brokerage firms, and bank officials. Copies of this pamphlet may be had from Filer, Schmidt & Co. upon request.

We Maintain Trading Market in:

H. H. Robertson Company

Tax free in Pennsylvania

Memo on request

BUCKLEY BROTHERS

Members Philadelphia Stock Exchange
Members New York Stock Exchange
1529 Walnut St., Philadelphia 2, Pa.
Bell Teletype — PH 265
Phila. RIT 4488 N. Y. WH 3-7253

Philadelphia Bank Stocks
Central-Penn National Bank
Corn Exch. Nat. Bk. & Tr. Co.
Fidelity-Phila. Trust Co.
Girard Trust Co.
Penna. Co. for Ins. on Lives etc.
Philadelphia National Bank
Provident Trust Co.
Phila. Transportation Co.
3-6s 2039, Pfd. & Common

H. N. NASH & CO.

1421 Chestnut Street, Philadelphia 2
Phila. Phone Locust 1477
New York Phone HAnover 2-2280
Teletype PH 257

Amer. Insulator
Autocar Com. & Pfd.
General Phoenix Pfd. Stks.
Lehigh Valley Transit 5s 1960
Southwest Pub. Serv. Com.
Citizens Utilities 3s 1955

W. H. BELL & Co.
INCORPORATED
1500 Walnut St., Philadelphia 2
Teletype PH 16
Phone Pennypacker 8328
N. Y. Phone CAnal 6-4265
BOSTON WASHINGTON

Akron, Canton & Youngstown
4s & 4½s of 1988

Delaware Pr. & Lt. Common, W. I.

Federal Water and Gas Common

GERSTLEY, SUNSTEIN & CO.
213 So. Broad St. Philadelphia 7, Pa.
New York Phone WHitehall 4-2300
Bell System Tel. PHLA 591

Columbian Nat. Life
American Investment Securities (Me.)

Bought — Sold — Quoted

KENNEDY AND CO.
Established 1923
Members Philadelphia Stock Exchange
Land Title Building
PHILADELPHIA 10, PA.
Telephone Rittenhouse 3940
Bell System Teletype PH 380

Buffalo Crk. Coal & Coke Co.
East Sugar Loaf Coal Co.
Hurd Coal & Iron Co.
Kittanning Coal Co.
Locust Mt. Coal Co.
Pemberton Coal & Coke Co.

BOUGHT — SOLD — QUOTED

WM. W. FOGARTY & CO.
Established 1919
Lafayette Building
PHILADELPHIA 6, PA.
Lombard 6400 Teletype PH 240

CLEARANCE FACILITIES

We offer to Brokers and Security Dealers an experienced department for handling the clearance of security transactions.

Our facilities are of the best and the cost is very moderate.

Inquiries Invited

THE PENNSYLVANIA COMPANY
For Insurances on Lives and Granting Annuities
15th and Chestnut Streets
PHILADELPHIA

Member Federal Reserve System
Member Federal Deposit Insurance Corp.

Pennsylvania Municipal Authorities

By WILLIAM F. MILLS

It is probable that few dealers or investors are aware of the surprising number of municipal authorities that have been created in Pennsylvania since the passage of the enabling act, "The Municipal Authorities Act of 1935." While the following tabulation is probably not complete, the data have been obtained from the best sources available at the present time.

As of July 1, 1944, a total of 93 separate municipal authorities had been issued charters under the provisions of the Act noted above. Many of this number represent Housing Authorities with which this article is not concerned. Of the remainder, the best information obtainable segregates them as to purpose as follows:

Water Authorities	45
Sewer Authorities	8
Water & Sewer Authorities	1
Total	54

The fact that a charter has been obtained does not mean that the particular Authority has issued bonds and is in active operation. The best tabulation available of "active" Authorities shows the following:

Water Authorities	35
Sewer Authorities	5
Water & Sewer Authorities	1
Total	41

Water Authorities fall into two general types: (1) those which purchased existing private companies or existing municipally owned systems, and (2) construction projects. In some instances the Authority is a combination of the two, having purchased existing lines in its territory and constructing storage and pumping facilities. By their nature the Sewer Authorities were construction projects.

Obviously, in the case of those Water Authorities which purchased existing systems, either from the private or municipal owners, revenue producing operation started immediately and operating statistics of the acquired systems are available for several years past, thereby furnishing a concrete history upon which to base current and future expectations.

Most of the construction projects were started and their completion estimates based upon WPA grants and labor. Most of such projects, fortunately, were completed, or very nearly so, before the elimination of WPA and before priorities shut off materials. Certain projects completed construction started under WPA by engaging private contractors and are now in operation. One or two have had difficulty in obtaining materials and labor and are behind completion schedule but indications are excellent that this situation will be corrected in the very near future.

A word about the total par value of Water and/or Sewer Authority bonds issued since the Municipal Authorities Act of 1935. A rough estimate, based on data available, indicates that around $30,000,000 par value of bonds have been issued. Serial maturities since 1935 have reduced this amount somewhat, but as most such Authority issues are serial to 30 years and since most of the bonds were issued considerably later than 1935, reduction by this method is probably not very large as yet. In the last year or two additional reduction has been effected by the call and retirement of callable bonds by certain Authorities. Although the estimated figure of $30,000,000 par value is rather impressive, very few Water and/or Sewer Authority bonds ever seem to come into the market, indicating that the issues have been well placed.

Bonds of the Delaware River Joint Commission and of the Pennsylvania Turnpike Commission revenue bonds, as are those of the Water and Sewer Authorities, were made legal for trust funds in Pennsylvania by act of Legislature. This is not rue in the case of Water and Sewer Authority revenue bonds as yet. They are, however, considered exempt from Federal income taxes under present laws and are tax-free in Pennsylvania.

In view of the number of Authorities in the State and the total par value of Authority bonds outstanding, together with totally unforeseen difficulties in the case of construction projects, this class of obligations shows an extremely satisfactory record with only one very small project in process of liquidation.

We own and offer, subject to prior sale and change in price

$60,000

West View Municipal Authority, Pa.
(Formerly Pittsburgh Suburban Water Service Co.)
3¼% Non-callable Water Revenue Bonds
Due: November 1, 1963
Price to Yield 1.85%

Descriptive Circular on Request

GRAHAM, PARSONS & CO.
Established 1896
MEMBERS NEW YORK AND BOSTON STOCK EXCHANGES
1421 CHESTNUT STREET, PHILADELPHIA
BELL PHONE LOCUST 1100 BELL TELETYPE PH 292
NEW YORK BOSTON CHICAGO READING PITTSBURGH PROVIDENCE YORK

$50,000

Birmingham, Alabama
1½% Industrial Waterworks Ref.
Aug. 1, 1965 @ 1.65%

A. WEBSTER DOUGHERTY & CO.
Municipal Bonds
1421 CHESTNUT STREET : PHILADELPHIA
Philadelphia Rittenhouse 2580
Teletype PH 70
New York BOwling Green 9-8184

Pennsylvania Brevities

Standard Gas & Electric Co.

This holding company's revised recapitalization plan, filed with SEC last week, has evoked mixed comment from many Pennsylvania holders of the system's securities. Public hearings on the plan will start Sept. 21.

Holders of Standard's $59,202,200 debentures and notes appear to be amply provided for through the distribution of cash, new debentures and notes appear to be amply provided for through the distribution of cash, new debentures and the common stocks of four operating company subsidiaries, i.e., Pacific Gas & Electric Co., Oklahoma Gas & Electric Co., California Oregon Power Co. and Mountain States Power Co.

Holders of Standard's $7 prior preference and $6 prior preference stocks are scheduled to receive, respectively, ten and one-half shares and nine shares of new common. Holders of Standard $4 preferred, however, have been scaled down to one-third share of new common per share and Standard Gas & Electric common is omitted from the plan. The $4 preferred holders, thus receiving only 5.08% of the new common, are not likely to accept their allocation sitting down.

This issue was originally distributed in good faith and for value at $50 per share as an investment. While the recoverable value of Standard's holdings has, of course, been variable over the last decade, the present trend appears to be definitely upward and holders of this junior issue object to being "stopped out" on the proposed basis.

If the distributions contemplated in the plan are presently consummated, the remaining assets of Standard will consist of Louisville Gas & Electric Co. of Delaware and subsidiaries, the Philadelphia Company and subsidiaries, and Standard's interest in Wisconsin Public Service Co. Louisville Gas & Electric Co. has its own plan of recapitalization and liquidation, and it is expected that the investment in Wisconsin Public Service will be favorably disposed of. Following these steps, the sole remaining Standard subsidiary will be the important Philadelphia Company, which will be retained.

Apparently receiving no consideration in the proceedings is the Philadelphia Company's ownership of Pittsburgh Railways Co. The latter company, operated under Trusteeship since 1938, provides the entire street railway and bus service in the Pittsburgh metropolitan area. The system earned approximately $4,000,000 in 1943, after depreciation. Present cash, or equivalent, in the hands of Trustees is reported to be in excess of $14,000,000. Preliminary discussions have been undertaken looking toward a termination of bankruptcy proceedings and a discharge of the Trusteeship. Should this be consummated, Philadelphia Company, through its ownership of Pittsburgh Railways system securities, would share directly and substantially in the street railway earnings. On a consolidated basis, earnings and asset values would be reflected in Standard Gas & Electric Co. statements.

Holders of Standard junior securities believe that this "hidden

(Continued on page 1043)

Simond Director Of Westvaco Chlorine

Maynard E. Simond, a partner of F. Eberstadt & Co., 39 Broadway, New York City, has been elected to the board of directors of Westvaco Chlorine Products Corporation. Mr. Simond is a director of American Barge Line Company, Chemical Fund, Inc., The W. L. Maxson Corporation, Chas. Pfizer & Co., Inc., Standard Products Company, James Talcott, Inc. and Valspar Corporation.

Maynard E. Simond

Foreign Policy Ass'n Urges World Bank Plan

The Foreign Policy Association, in publishing a survey of the achievements of the Bretton Woods Conference on Sept. 3, said rejection by the United States of the World Bank and Monetary Stabilization Fund agreements would jeopardize the success of all future international cooperation. This is learned from Washington advices appearing in the New York "Herald Tribune" of Sept. 4, which quoted from the Association's survey as follows:

"Never since world trade has become highly developed has there been so much need for joint action in reconstructing international financial relations," the survey said.

"If the plans are cast aside, there is apt to be a serious feeling of discouragement. In fact, all economic conferences in the next few years would be made more difficult and uncertain by failure to accept workmanlike efforts and honest results of international consultation as expressed in the act of Bretton Woods," the Association warned.

"It is impossible for any one to say what is the true value of the money of one country in terms of another." the survey declared. "It will be necessary for each country to set a rate of exchange as a basis for doing business, but even though these rates are regarded as valid or near to their true value, every one knows that they will be set to some extent as a matter of guesswork and because of the necessity for a basis for trade in urgently needed goods."

The Securities Salesman's Corner

By JOHN DUTTON

The Small Investor Relies Upon His Retail Security Dealer For Services Otherwise Unobtainable.

In last week's column the point was made that the retail security dealers supply a very complete investment service, especially where small investors are concerned. For this service they charge no fees except the regular mark-up which they receive as a part of the selling price of the securities they offer to their clients.

There are some who contend that these services are nothing unusual, nothing to warrant the average mark-ups which are generally charged throughout the industry; and that many of the larger firms have every facility for taking care of the investment requirements of the smaller investor and in fact CAN EVEN DO A BETTER JOB, DUE TO THEIR MORE COMPLETE FACILITIES AND LARGER ORGANIZATIONS.

Undoubtedly there are a number of very large organizations which have the finest statistical and fact finding departments that do try to give the small investor all the personalized assistance that he requires. But the larger part of the public does not come into contact with these firms, for the simple reason that the majority of smaller investors DO NOT BUY SECURITIES—THEY MUST HAVE SECURITIES BROUGHT BEFORE THEM BEFORE THEY BUY THEM—THEY MUST BE SOLD AND IT TAKES SALESMEN TO DO THIS. It is the smaller firm that does this job.

As a typical illustration of the actual conditions as they exist today in respect to the type of service and assistance which the smaller investor receives from a moderate sized retail over-the-counter firm, we cite the case of a salesman who had been calling upon an investor for about a year and was slowly gaining a foothold of confidence. This investor had a small portfolio numbering around ten different issues of bonds and a few preferred and common stocks. On his table lay a complete statistical report culled out of the files of a large statistical organization. He showed it to the salesman and remarked that he had procured it through an advertisement of a stock and bond firm who offered a report on any holdings which he desired. He said he had tried to read it but that IT MEANT ABSOLUTELY NOTHING TO HIM. It was no wonder that the report was meaningless—Such materials is of absolutely no value to the unskilled and unsophisticated investor—it is only the **basis for forming a determination of values and of future outlook**, as anyone appreciates who understands anything about the science of successful investment.

Now there is a reason why this investor received NOTHING MORE THAN THE BARE FIGURES AND FACTS in reply to his request for information. The firms that supply such material cannot be blamed for taking this course. Under present day rulings and restrictions they do NOT WANT TO TAKE CHANCES OF BEING CRITICISED FOR OPINIONS AND INTERPRETATIONS—ESPECIALLY IF THEY ARE SENT THROUGH THE MAILS. So they go to one of the standard statistical organizations and procure their cut and dried reports and send them out; leaving the judgment of what is to be done to the one who receives the report.

In this particular case the salesman suggested that he would like to call his office and obtain an opinion as to the outlook for the bonds about which this investor had inquired. He put in a long distance call to the home office which was located in a city approximately fifty miles for the residence of his prospect. He explained that he would be back the next day and that his office would call him at his hotel that evening and give him an opinion as to whether or not the security in question should be held or sold.

The next day he came back with a concrete statement of why he thought the bonds in question should be sold. He gave this investor the REASONS BEHIND THE FIGURES AND STATISTICS THAT INDICATED THE LARGE DEGREE OF RISK WHICH WAS ENTAILED IN FURTHER RETENTION OF THIS HOLDING. He presented a clear, understandable analysis of the situation in terms which the investor could evaluate and appreciate.

This is what we mean when we say that such service is unique and otherwise unobtainable. Here was an investor who lived many miles from a financial center, whose opportunity for obtaining personalized advice and assistance regarding his investments was limited in the extreme, and yet BECUSE A CONSCIENTIOUS, EXPERIENCED REPRESENTATIVE OF AN AGGRESSIVE AND RELIABLE OVER-THE-COUNTER firm took the time and trouble to help him solve a problem, THE JOB WAS DONE.

Such work as this deserves its hire—and incidently the cost involved in opening accounts on this basis is in itself an assurance that once such an account is placed on the books that every effort is made to render a continuing investment service of such high calibre that the welfare of the customer in future transactions is given primary consideration.

The large investors as well as the small investors are both receiving a very fine and effective investment service from large and small investment firms throughout the country. In order to continue this work and properly serve the public no further restrictions or limitations upon the activities of these firms will serve any good purpose. There is an old saying—SOMETHING GOOD IS WORTH ITS PRICE—and good investment service is worth every cent that it costs.

NY Analysts To Meet

At the meeting of the New York Society of Security Analysts, Inc. scheduled for September 11th, T. H. Mueller, president of Julius Kayser & Co., will speak on growth industries.

W. A. Patterson, president of the United Air Lines will speak on September 12th.

Norman Thomas will address the September 14th meeting on the subject: Are the United Nations Laying the Basis for World War III?

Meetings will be held at 56 Broad Street, New York at 12:30 P. M.

Geo. Compton Partner In E. W. & R. C. Miller

PHILADELPHIA, PA.—E. W. & R. C. Miller & Co., 123 South Broad Street, members of the Philadelphia Stock Exchange, announce that George S. Compton has been admitted as a general partner in their firm. Mr. Compton has been associated with them for some years in the trading department. Prior thereto he was in charge of the railroad equipment department of the Philadelphia office of E. H. Rollins & Sons, Inc., and was with Stroud & Co., Inc.

STATE, MUNICIPAL
and
REVENUE BONDS

RAMBO, KEEN, CLOSE & KERNER, INC.
Investment Securities
1518 Locust Street, Philadelphia
Private telephone wires to New York and Baltimore

Pennsylvania Brevities

(Continued from page 1042)

asset" is entitled to current consideration.

John B. Stetson Company

It seems reasonable to assume that millions of returning G.I. Joes will be glad to lay aside their battle helmets and again don lighter-weight, more comfortable and stylish civilian headdress. With reconversion presenting no problem, John B. Stetson Co. may be expected to sustain production at capacity levels for some time into the future. The common stock earned $3.71 in 1943 and paid an initial dividend of $1 on July 1, 1944. It is in favor with Pennsylvania dealers at its current price of about 14.

Warner Company

This local building material company recently merged with its subsidiary, American Lime & Stone Co., and refunded Warner Company 6s, 1951, with a longer-term 4% issue, privately placed. Thus it would appear that the way is cleared for a reclassification of Warner Company first and second preferreds, on which substantial arrearages exist. Warner Company first preferred (par $50) is publicly held but voting control of the company, including the entire issue of second preferred and approximately half of the outstanding common, is held by Wawaset Securities Co., an inter-company investment trust.

Through the liquidation of estate holdings, shares of Wawaset have recently appeared in the market and have been taken up by those seeking a favorable opportunity of participating in the forthcoming reclassifation.

Autocar Co. $20 Preferred

Trading started on a "when issued" basis last week in this issue which will be distributed as a stock dividend on or about Oct. 1 to common stockholders of record Sept. 15. The issue will bear cumulative dividends at the rate of 5% and will be convertible, share for share, into the common. The distribution, which will be in the ratio of one share of preferred for each ten shares of common, was authorized for the purpose of conserving cash for contingencies and for post-war conversion.

The stock is in demand at its par of $20, which is equivalent to a $2 dividend on the common.

Philadelphia Transportation Co.

The Federal Grand Jury investigating the paralyzing 6-day P. T. C. strike which occurred last month its not expected to complete its report for another two weeks. Every effort is being made to get at the facts behind the too-mysterious epidemic of illness which affected every P. T. C. operator at precisely the same time on the same day. Complete information, when it is made public, may prove sensational.

Although the tie-up came without any forewarning, and although the company's costs were heavy in added expense and lost revenue, P. T. C. securities acted with proverbial perversity. Traders who thought they were smart in quickly putting out short positions reaped a quick, sharp headache.

Coincidental, but with no apparent relation to the strike, last week came the resignation of Ralph T. Senter as P. T. C. President. He had been with the company 35 years, during the last 17 of which he served as President. Ill health was ascribed as the reason. Mr. Senter was succeeded by Charles E. Ebert, Executive Vice-President, who has been with the company since 1919.

Chicago Hegira

At the Chicago meeting of the National Security Traders Association, Aug. 25 and 26, seven rugged individualists from the Investment Traders Association of Philadelphia met up with a missing comrade, Major Herbert H. Blizzard, now fighting the Germans in the rathskellers of Milwaukee. Herb has been A.W.O.L. from his Philadelphia office for over two years. An observer reports that the Major was sentimentally overcome by the reunion.

Vice-President Edmund J. Davis, Rambo, Keen, Close & Kerner, has been unaccountably absent from his customary Walnut Street haunts throughout the summer. *Cherchez la femme* proved to be the correct clue. Davis is definitely under the influence and the lady is wearing a chunk of ice. Nuptials in February.

Osborne R. Roberts, Schmidt, Poole & Co., has been elected to membership on the Phliadelphia Stock Exchange.

The annual meeting and election of officers and governors of the Investment Traders Association of Philadelphia will be held Sept. 29. Following are the nominees for office: President, Russell M. Dotts, Bioren & Co.; First Vice-President, Edmund J. Davis, Rambo, Keen, Close & Kerner; Second Vice-President, Alfred W. Tryder, Wm. H. Newbold's Son & Co.; Secretary, Frederick S. Fischer, H. N. Nash & Co.; Treasurer, John M. Hudson, Thayer, Baker & Co.

Ten Governors will be chosen from the following nominees: Percey Ayres, Paul Bodine, Charles C. Bradley, Charles J. Brennan, Harry H. Fahrig, Jr., Paul C. Fredericks, James H. Lescure, William J. McCullen, William M. McDonald, John P. McFadden, Robert McCook, Carl Necker, S. K. Phillips, Jr., Wallace H. Runyan, Russell C. Schuler, Robert A. Torrens, William Ward III, Charles L. Wallingford, Ethan G. Zuber.

Penn. & N. Y. Canal & R.R.
4s, 4½s & 5s
Lehigh Valley R.R.
Ann. 4½s & 6s
Harris Seybolt Potter
Common
John Irving Shoe
Common & Preferred
Alan Wood Steel
Preferred
Penington, Colket & Co.
123 S. Broad St., Philadelphia 9, Pa.
Phila. Phone Pennypacker 7700
New York Phone Hanover 2-0310
Teletvpe PH 180

DIRECT PRIVATE WIRE
● NEW YORK CITY
TO
REED, LEAR & Co.
Members Pittsburgh Stock Exchange
● PITTSBURGH

$500,000
City of
Philadelphia
3¼% Bonds
January 1, 1975/62
Coupon Form
Price: 120.678 & Interest
To Net 1.85%
Moncure Biddle & Co.
PHILADELPHIA

Phila. Real Estate
Securities
Strawbridge & Clothier
Pfd. & Com.
●
Samuel K. Phillips & Co.
Members Philadelphia Stock Exchange
Packard Bldg., Philadelphia 2
Teletype PH 375
N. Y. Phone REctor 2-0037

We have a continuing interest in:
Southern Advance Bag & Paper Co.
Common Stock
BOENNING & CO.
1606 Walnut St., Philadelphia 3
Pennypacker 8200 PH 30
Private Phone to N. Y. C.
COrtlandt 7-1202

Pennsylvania
and New Jersey
Municipal Bonds
Dolphin & Co.
Fidelity Philadelphia Trust Building
PHILADELPHIA 9
Telephones:
Philadelphia—Pennypacker 4646
New York—HAnover 2-9369
Bell System Teletype—PH 299

Complete Investment
and
Brokerage Services
Rakestraw, Betz & Co.
Members
New York Stock Exchange
Philadelphia Stock Exchange
123 S. Broad St., Philadelphia 9
Philadelphia Telephone Kingsley 3311
New York Telephone Hanover 2-2280

INSURANCE & BANK STOCKS
Bought — Sold — Quoted
ANALYZED - REVIEWED - COMPARED
Special Bulletin and Booklet Service to Dealers & Brokers
Trading daily 7 a. m. to 5 p. m. (P. C. T.)
Inquiries invited. Orders solicited.
BUTLER-HUFF & CO.
OF CALIFORNIA
210 West 7th St., Los Angeles
PRIVATE WIRES
New York - Chicago - San Francisco - Seattle
TELETYPE L. A. 279 - L. A. 280

Bank and Insurance Stocks

This Week—Bank Stocks

By E. A. VAN DEUSEN

Government securities constitute an average of 56.9% of the total assets of fifteen leading New York City Banks, as disclosed by their June 30th statements of condition; this compares with an average of only 29.4% on June 30, 1939. An investor in bank stocks to-day, therefore, is indirectly an investor in United States Governments to a far greater extent than was the case before the war.

The following tabulation brings out the present situation quite clearly and shows that, for the group of 15 stocks considered, Government holdings represent an average of $8.39 per dollar invested in bank stocks. Other earning assets, which comprise mainly loans and discounts, represent an average of $3.79 per dollar invested, and total earning assets, $12.18 per dollar.

There is a great deal of variation between the different banks. For example, U. S. Trust shows only $3.22 of Governments per dollar of market and First National $4.37, compared with $11.78 for Public National, $11.02 for Corn Exchange and $10.92 for Bank of Manhattan.

Bank and Insurance Stocks
Inquiries invited in all Unlisted Issues
Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Department)

	Earning Assets Per Share	U. S. Govt. Securities Per Share	Other Earning Assets Per Share	Market Asked 8-31-44	—Per $ of Market— Total E. A.	U. S. Gov's.	Other E. A.	Div. Yield	*Earn. Yield
Bank of Man.	$431	$273	$158	25	$17.24	$10.92	$6.32	3.6%	8.0%
Bank of N. Y.	6,116	4,550	1,566	445	13.74	10.22	3.52	3.1	6.4
Bankers Trust	623	413	210	57	10.93	7.25	3.68	2.5	6.6
Cen. Hanover	1,384	1,025	360	107¾	12.84	9.51	3.33	3.7	6.1
Chase National	552	376	176	41	13.46	9.17	4.29	3.4	5.7
Chemical	560	355	205	53⅜	10.49	6.65	3.84	3.4	6.4
Corn Exchange	669	580	89	52⅝	12.71	11.02	1.69	4.6	6.8
First National	9,852	7,480	2,372	1,710	5.76	4.37	1.39	4.7	6.2
Guaranty Trust	3,369	2,420	949	337	10.00	7.18	2.82	3.6	5.2
Irving Trust	205	152	53	16½	12.42	9.21	3.21	3.6	6.1
Man. Trust (com.)	752	410	342	52⅞	14.22	7.75	6.47	3.8	10.0
National City	587	410	177	40	14.68	10.25	4.43	2.5	6.1
New York Trust	1,209	760	449	103¼	11.71	7.36	4.35	3.4	6.3
Public Nat.	780	520	260	44⅛	17.68	11.78	5.90	3.4	7.5
U. S. Trust	6,944	4,650	2,294	1,445	4.80	3.22	1.58	4.8	6.0
Average					$12.18	$8.39	$3.79	3.6%	6.6%

*Based on 1943 net operating earnings, exclusive of security profits and recoveries.

The respective yields on different classifications of Government securities, as reported by Standard & Poor's for July, are as follows:—

	Tax Exempt	Taxable
Long Term	1.69%	2.39%
Intermediate Term	1.31	1.93
Short Term	.84	1.14
Average	1.28%	1.82%

It is interesting to compare these bond yields with the yields on bank stocks, which range from a low of 2.5% for Bankers Trust and National City to highs of 4.6% for Corn Exchange, 4.7% for First National and 4.8% for United States Trust. The average yield for the 15 bank stocks is 3.6%, or double that of the average of taxable Governments. These bank stock yields, furthermore, are well protected, as shown by an average earning yield of 6.6%, which indicates the dividends to have been covered in 1943 approximately 1.85 times by net operating profits alone, exclusive of security profits and recoveries. If the latter are included the average dividend coverage in 1943 was 2.36 times.

Most, if not all, of these 15 banks carry their Government securities on their balance sheets at amortized cost. The investment policy of their managements as to the relative proportioning between short, intermediate and long-term securities, however, differs quite markedly. For example: Chase National reported an average maturity of one year and 10 months to nearest call dates or three years to final maturity; National City reports an average of 4 years to final maturity; Manufacturers Trust reports an average of 3 years 8½ months to nearest call dates, and United States Trust reports 7½ years to maturity and 5¾ years to nearest call dates.

Average yields reported by three of the banks for 1943 on their portfolios of Governments are as follows: Chase National, 0.86%; Guaranty Trust, 0.99%; National City, 1.24%.

The banks' current holdings of Governments are moderately higher than they were at mid-year, based on the latest Federal Reserve reports. These show that since June 30 total direct holdings of Government obligations by member banks in New York City have increased from $13,957,000,000 to $14,475,000,000, an expansion of 3.7%. This indicates that Government holdings currently average around $8.70 per $1.00 of market for the 15 banks reviewed.

New Jersey Municipal Bonds
Bank Stocks
•
J. S. Rippel & Co.
Established 1891
18 Clinton St., Newark 2, N. J.
MArket 3-3430
N. Y. Phone—REctor 2-4383

Protection For Synthetic Rubber?

(Continued from first page)

decade the industry had been suffering from excess supplies. Yet suddenly and without warning the major portion of these supplies were unavailable to the Western powers.

In the short span of about two years the United States, under pressure of survival, has developed a rubber industry from infancy to major proportions. In time of peace it may require 20 or more years for an industry to become of prime importance. In the last few years similar feats have been performed in other industries in this country. But the new rubber industry has the distinctive characteristic of presenting in simple outline the challenge that already looms large to the traditional foreign trade policy of the United States.

The major economic issue, briefly and simply stated, is whether the new American industry will be maintained and operated thereby adding 50 to 75% to the productive capacity of an industry that for over a decade in the prewar period was suffering from excessive supplies. If any large segment of the new American industry remains in operation the prosperity of Far Eastern producers and their European investors will be seriously impaired. At the same time American export trade will be damaged. Or, by contrast, is some or all of the 700 million dollar investment of the American people in the synthetic industry to be written off and the plant and equipment condemned to idleness? The country would then be dependent on foreign sources, several months and 12 thousand miles away, for a vital raw material. Tariff protection and survival of the industry would be in the American tradition. The alternative may require a reversal of an established national economic policy.

Defense of the Country Is Involved

In the case of rubber not only the economic but the general foreign policy of the country is involved. International amity, goodwill, and peace are based on, fostered, and cemented by mutually advantageous trade relations. They are not promoted by closing the door in the salesman's face, especially when he can sell at a lower price. In spite of this, the traditional American policy has been one of highhandedness in dealing with international salesmen.

Yet it appears that the day is rapidly passing when the United States can safely use the immediate welfare of a small group of producers as the criterion of its international trade policy. In terms of time and accessibility the world is much smaller than 20 years ago. The relative security of America's insular position is fast going in the direction of that of the British Isles. Every technical advance in aeronautics brings the United States nearer to its potential enemies. Paradoxically, our own scientists are contributing to the impairment of the invulnerability of the country. Friends will be needed in the future, and friendship is not promoted by excluding sellers from our markets. Our rubber policy may well prove to be a test case of our ability to safeguard the long run, vital interests of the country.

However viewed, the rubber problem is difficult. A trade exclusion policy and international goodwill are not reconcilable. They are mutually exclusive. International amity and collaboration are necessary to protect the vital interests of the country. Yet the traditional policy of the country is to give tariff protection to about all industries with little consideration of the cost to the domestic consumer. The United States taught the world how to erect barriers to trade and the pupil has proved more adept and ingenious than the teacher, much to our cost. The rubber case is complicated by the distinct advantage of synthetics to the rubber manufacturing industry. The advantages of a domestic synthetic production accrue in varying degrees to farmers, the oil and chemical industries, some labor, and the various localities of the country where the plants are located. The country is still conscious of having been pushed around in the nineteen-twenties by the abuses of concentrated foreign control of a necessary commodity. This is the situation in a country with a governmental structure that lends itself particularly well to the pressure of organized minority interests.

The United States has had much luck in its time. Public officials have at times made indiscreet statements in an irresponsible manner that could easily have led to an international incident if it had not been for our remoteness, a general harmony between British and American interests, and the British navy. Our foreign economic policy has caused great hardship in other countries. To a certain extent we have gotten away with our lack of consideration. In the many cases where it has proved a boomerang it is questionable whether the basic cause of some of our troubles is generally understood and appreciated. It may be that our good fortune will continue and bail us out in the event we make the wrong decision in the case of rubber.

World Productive Capacity

Nevertheless, it looks as if the hard facts of the situation would be that the world productive capacity of rubber, natural and synthetic, will be increased by 50 to 75% by the end of the war. We have some data on American synthetic capacity and American stimulated South American production. European and Russian capacity will remain an unknown quantity until after the war. Far Eastern capacity at the end of the war is likewise a moot question, but, as day by day it becomes less important to the Allied Powers, it would seem doubtful that the retreating Japanese would take the time and energy for the almost impossible task of destroying the trees, although a scorched earth policy may be applied to the equipment. But, if uncared for, nature, through the rapid growth of the jungle, can do much damage of at least a temporary nature. At any rate, for a commodity that was suffering from excessive supplies prior to 1939, the war stimulated productive capacity would seem to promise no good.

The suggestion that the synthetic product can stand on its own feet without tariff protection or subsidy would seem to be somewhat doubtful, at least for some time. Natural rubber can provide very strong competition. Much of it, especially in the Dutch possessions, is produced on family farms and it is difficult to determine how low the price would have to go before such producers would find it unremunerative. If the owners of the large plantations, assuming something is left of them, came to the conclusion that their investment was doomed, they might decide to "mine" the trees and sell in world markets at a price only little more than enough to recoup out-of-pocket costs. For some time, actual and potential natural rubber production could cause difficulty for the synthetic product.

Although various estimates have been made, it is entirely too soon to figure with any assurance the eventual cost of producing synthetic rubber. In about two years an industry has grown to major proportions that under other circumstances might have taken many years. Scientists and technicians in large numbers have not been working on the product and its production for long. Experience in other industries points to remarkable contributions of a cost-reducing and product-improving nature yet to be made. Present performance is an unsafe basis from which to generalize. From a more immediate point of view, the volume of output and the rate at which the present plant and equipment is written off are important factors in determining costs of production and profitable selling prices.

In relation to the demand for rubber as we have known it in the past, a possible post-war world

Royal Bank of Scotland
Incorporated by Royal Charter 1727
HEAD OFFICE—Edinburgh
Branches throughout Scotland
LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£115,681,681
Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1943 £187,413,762
SIR ALFRED DAVIDSON, K.B.E., General Manager
Head Office: George Street, SYDNEY
The Bank of New South Wales is the oldest and largest bank in Australasia. With over 800 branches in all States of Australia, in New Zealand, the Pacific Islands, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.
LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK of EGYPT
Head Office Cairo
Commercial Register No. 1 Cairo
FULLY PAID CAPITAL . £3,000,000
RESERVE FUND £3,000,000
LONDON AGENCY
6 and 7 King William Street, E. C.
Branches in all the principal Towns in
EGYPT and the SUDAN

NATIONAL BANK of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar
Subscribed Capital £4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,200,000
The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

productive capacity of 2.7 million tons in round figures looks at least twice as large as it should be. In the absence of an agreement between synthetic and natural producers leading to control of supply, a cutthroat competitive situation could develop. A protected American synthetic industry would exclude this country from the immediate repercussions of the situation, but an aggravated problem would be tossed to the outside world.

The Demand for Rubber

The situation may not be quite as dark as would at first appear. The secular trend of demand for rubber still appears to be upward. New uses other than for tires and tubes have been developed or are in laboratory stage of development and the rising secular trend is largely found in this category of demand. If the industrial nations make good their promise, if such it can be called, of full employment, the demand and supply situation will present a marked improvement. Although the case is not strictly comparable, it should not be overlooked that the production records of the first World War were soon exceeded in the twenties. With the industrial nations of the world running at full blast, even though periods of depression do occur, the primary producing countries of the world occupy a quite different position. Rubber stands to gain in this respect. The excess productive capacity that was evident for many commodities and industries in the thirties would present a markedly different picture with the present Federal Reserve Board index of production running above 200 and a similar condition prevailing in Western Europe.

The rubber manufacturing companies stand to gain by the development of the synthetic product, in spite of the increased cost of processing it for tires and tubes. By the time the war is over their investment in plantations in the Far East will probably be written off and paid for via the corporate income tax. In addition to other ills, these companies have been plagued for years by the price gyrations of crude rubber. The manufacturing operations of the large companies are normally run at a profit. But final determination of over-all profits has been contingent on the price of rubber. The companies have to carry large inventories of crude rubber and a decline of a cent or two in the price can change black into red ink. As large inventories are necessary and as facilities for hedging any significant portion of the inventory are not available, earnings have been pretty much beyond the control of the management. From a stockholder's standpoint these companies have been essentially a speculation in a highly volatile raw material. In the present state of our knowledge of the synthetic product, the industry is not free of dependence on natural rubber. Synthetic rubber has proved superior for certain uses, but inferior for the chief products of the industry, tires and tubes. But, it has already been pointed out that scientists in numbers have not been working on the problem for long. Synthetic rubber holds the promise to the industry of eliminating the necessity of carrying large raw material inventories, and especially inventories of a commodity that can fluctuate widely and often in price.

Synthetic Rubber Has Political Power

If the necessity arises, an imposing array can be assembled to advocate protection for the synthetic rubber industry. In addition to the rubber manufacturers, some of whom have done considerable research on synthetics over a period of years, the oil industry as chief supplier of raw material has a stake in the synthetic product. Although grain alcohol is not a major raw material at the moment, it seems likely that the farmers, as represented by the well-known farm bloc, will have something to say in the matter. Then there is the labor employed in the new plants and the communities in which they are located. Judging from the experience with the World War debts it might be rather awkward for a congressman to face his constituents after having in effect advocated scrapping in whole or in part a government investment of around 700 million dollars in plant and equipment for producing the synthetic product. The sentiment of the country might be adverse to running the chance of having rubber supplies cut off once more, or to subjecting itself again to the whims of a self-seeking, foreign controlled cartel.

If the issue does come to a head, the flood of oratory could easily drown out the case of the export industries, their workers and investors, and the general consuming public. At best this group is largely inarticulate. Their interests are difficult to present as the repercussions of protection on exports are obscure and difficult to grasp. Since the Civil War, the United States has until recent years given scant consideration to the damage tariffs do to the export industries and our foreign investments. They are the forgotten men. They have been sacrificed to save relatively high cost domestic industries from foreign competition. It requires a considerable degree of intelligence and education and an ability to think through a problem to see the manner in which tariffs harm exports and foreign investments. The argument is not well suited to the political platform. It is much easier to present the more obvious halftruth about preserving the high cost industry requesting tariff protection. If the issue were presented in the form of a subsidy, and in final analysis a tariff is a subsidy, the question could be more easily understood. Direct subsidies have an advantage over tariffs in that the actual cost to the public of the protection given is known. This would be particularly helpful in case it were decided to retain a nucleus industry for strategic purposes. Nevertheless, in so far as we do not buy our rubber abroad, our export industries and our external investments will be harmed for foreigners will have fewer dollars, by an amount running as high as several hundreds of millions in some years, with which to purchase American goods and pay their creditors in America.

Barring the possibility of a stalemate of the Muscle Shoals variety, if American synthetic productive capacity is retained and utilized, an already bad supply situation is aggravated. If the Far Eastern industry is found intact, a market which formerly took 50% of the total world supply of rubber will be at least partly closed. If it is in part destroyed, it is doubtful if the former output will be regained as the owners may well be hesitant about investing capital for restoration in view of the world supply situation. The natives of rubber producing areas will have been freed from Japanese overlords to enjoy poverty under white dominion. An agreement between synthetic producers and a cartel of natural rubber producers for a general curbing of output, allocation of markets, and price fixing could only ease the problem at best. Latin American producers, who have been encouraged by the United States, may be out on a limb with the possible impairment of a tediously nurtured good-neighbor policy.

If we were in a position to choose, the most desirable solution would be a level of demand that would require the output of the productive facilities of both natural and synthetic rubber. Barring this possibility, the issue comes down to a reduction of the productive capacity of the industry. Industrial contraction is a painful process at best. The question of where the contraction will take place is raised. An agreement between the natural and synthetic producers could spread the burden over the industry. If American capacity is maintained and utilized, the whole weight of the contraction will be thrown on the outside world. However settled, a bad period of adjustment is in prospect, and it can be especially painful for countries that have been in the invaders' hands. It is in this respect that the United States will probably be confronted with the necessity of making a decision which, in order to promote its international interests, may require a reversal of its traditional foreign trade policy.

The rubber problem illustrates the crying need for the country to settle on an integrated foreign economic policy which is coordinated with the political necessities and strategic requirement of the country. Partial solution is both inadequate and risky. What is called for is a determination of the part goods, gold, a merchant marine, and capital items are to play in the international accounts of a creditor nation that will insist on keeping unemployment at a minimum. As yet, the country as a whole has shown little evidence of an ability or a willingness to give serious consideration to the problem. Rubber is only one aspect of this larger problem.

Paine, Webber Opens New Uptown Office

Recognizing the increased demand for complete stock brokerage facilities in uptown Manhattan, Paine, Webber, Jackson & Curtis, one of the oldest members of the New York Stock Exchange, announce the opening of a new office at 745 Fifth Avenue, New York City. Staffed and equipped for complete investment service and brokerage facilities in stocks, bonds and commodities, the new office will be a complete brokerage house in itself. Paine, Webber, Jackson & Curtis have 22 other offices in principal cities.

James Terwilliger, who has been associated with Paine, Webber, Jackson & Curtis for the past 15 years as manager of the stock department, will be manager of the new office. Sidney B. Lurie will be in charge of research work and will be available for personal consultation.

Paine, Webber, Jackson & Curtis, representing a merger in 1942 of Paine, Webber & Co. and Jackson & Curtis, is among the few brokerage houses which has had a continuous existence of over 60 years without a break in continuity of management. The predecessor firms were organized in 1879 and 1880. The firm is one of the largest brokerage houses in the United States.

This announcement appears as a matter of record only and is under no circumstances to be construed as an offering of these Bonds for sale or as a solicitation of an offer to buy any of such Bonds. The offering is made only by the Prospectus.

NEW ISSUE

$65,000,000

Armour and Company

First Mortgage Twenty-Year 3¼% Sinking Fund Bonds, Series E

To be dated September 1, 1944 To be due September 1, 1964

Offering price 102¼% and accrued interest, to yield about 3.10% to maturity

Copies of the Prospectus dated September 6, 1944, describing these Bonds and giving information regarding the Company may be obtained in any State from only such dealers participating in this issue as may legally offer these Bonds under the securities laws of such State.

Kuhn, Loeb & Co.

The First Boston Corporation **Harriman Ripley & Co.** Incorporated **Smith, Barney & Co.**

Blyth & Co., Inc. **Goldman, Sachs & Co.**

Lee Higginson Corporation **Lehman Brothers**

A. G. Becker & Co. Incorporated **Glore, Forgan & Co.**

Kidder, Peabody & Co. **Ladenburg, Thalmann & Co.** **Lazard Frères & Co.**

Stone & Webster and Blodget Incorporated **Union Securities Corporation** **White, Weld & Co.**

September 7, 1944.

Mutual Funds

"Getting And Keeping"

"Almost everyone in this country of free enterprise has the ability and the opportunity to make a decent living. Lots of our fellow-citizens have also had the judgment and the energy to make considerably more than a decent living. That large group has successfully tackled one of the two great problems faced by all prudent men and women. They have put something aside, whether it be much or little, to ensure their future security.

"A great many successful professional and business folk, however, are lamentably unequal to the task of conserving what they have first earned and then saved. The reasons for this are unimportant—it is a condition, not a theory that concerns us.

"Today, as it happens, it's easier than ever for competent men and women to earn a considerable margin over a decent living. At the same time, there are fewer of life's luxuries—and properly so—available at any price. Thus more is being earned and more is being put away. But it's no easier to invest wisely than it ever has been. Just at the time when we are best able to secure our future, the difficulties of so doing are intensified by war and its potentialities."—From **Lord, Abbett's** current issue of **Abstracts.**

"Diversification Through Commonwealth," a new folder issued **by North American Securities Co.,** shows the performance of **Commonwealth Investment Co.** in comparison with the Standard & Poor's 90-stock index for 10 different periods extending back over the past 10 years. In each one of these periods Commonwealth outperformed the "Averages" and for the full 10-year period it did over twice as well—**a shining tribute to the mutual fund principles of diversification and professional full-time management.**

* * *

Distributors Group, in the current issue of **Railroad Equipment News,** charts the earnings and market prices of leading railroad equipment stocks for selected years since 1929. Post-war earnings are estimated for two different assumed levels of national income ($120 billion and $134 billion).

The striking thing about the chart is that average post-war earnings are estimated between $5.00 and $6.50 per share for the group, compared with actual earnings of $4.82 in 1929 and $1.94 for 1937.

Railroad Stock Shares

A Class of Group Securities, Inc.
SELECTIVE GROUP INVESTING
Prospectus on Request

DISTRIBUTORS GROUP, INCORPORATED
63 WALL ST · NEW YORK 5, N. Y.

Current average prices of these same stocks, on the other hand, are less than half their 1937 highs and only 40% of their 1929 highs.

* * *

In making public the annual reports on **Keystone Custodian Funds "B-3"** and **"S-4," Keystone Corp.** reveals that combined assets of the 10 Keystone Funds now amount to more than $88,000,000, compared with approximately $61,400,000 a year ago.

During the year ended July 31, 1944, net assets of **Series "B-3"** rose from $19,481,417 to $20,980,394. In the six months' period ended on the same date, **Series "S-4"** Fund increased its assets from $4,521,821 to $5,662,991.

The current issue of **Keynotes** charts the record of wholesale commodity prices and common stock prices since the beginning of 1937. The chart reveals that since the beginning of 1937 wholesale commodity prices have shown a net increase of better than 30%, while stock prices are nearly 20% lower than they were in the beginning of 1937.

The memorandum concludes: **"In the past, the Stock Market has always reflected a period of prosperous peace-time business, and it is only reasonable to expect that it will continue to do so in the future."**

* * *

National Securities & Research Corp. has issued two more interesting bulletins — one discussing the high return available from **National Stock Series** and the other discussing the investment of **Industrial Stocks Series** in companies which are likely to profit from development in television.

The current issue of **Investment Timing** explores the potential market leadership of the utilities, and concludes: "While we continue to favor the holding company preferred and common stocks previously recommended, we would now add selected common stocks of operating companies, as we feel that the utility market in the near future will become broader than heretofore."

* * *

Calvin Bullock — A revised issue of the **Bulletin,** discussing the features of **Dividend Shares,** including the following data:

- (a) Assets exceeding $47,000,000;
- (b) Investments diversified among securities of 103 corporations;
- (c) Total dividends amounting $23,750,000 paid to shareholders since incorporation in 1932;
- (d) A market performance for the entire war period (from Aug. 31, 1939 to June 30, 1944), showing an increase of 18.22% in net asset value compared with 10.39% for the Dow-Jones Industrial Average.

Send for Prospectus

Republic Investors Fund, Inc.
Distributing Agent
W. R. BULL MANAGEMENT CO. Inc.
40 Exchange Place, New York

Keystone Custodian Funds

Certificates of Participation in Trust Funds
investing their capital as follows:
SERIES
B-1, 2, 3 and 4 IN BONDS
SERIES
K-1, 2 IN PREFERRED STOCKS
SERIES
S-1, 2, 3, 4 IN COMMON STOCKS
Prospectus may be obtained from your local investment dealer or
THE KEYSTONE CORP. OF BOSTON
60 CONGRESS STREET, BOSTON, MASS.

NATIONAL SECURITIES SERIES
Prospectuses upon request
National Securities & Research Corporation
120 BROADWAY, NEW YORK, (5)
LOS ANGELES, 634 S. Spring St., (14)
BOSTON, 10 Post Office Square (9)
CHICAGO, 208 So. La Salle St. (4)

The Bretton Woods Agreements And American Foreign Trade

(Continued from first page)

cannot wonder that international trade the world over fell in value by more than 60% from 1929 to 1932. The international monetary policies of the 1930's could not have been more destructive of international trade if they had been specifically devised for that purpose. As a matter of fact some of the policies, particularly the policy of autarchy, were in fact intended to stifle and destroy international trade.

I do not want to harp on the evils of the past. If we could forget them with the assurance that they would not return, it would be well to say as little as possible of them. But I am afraid that the decade before us will see a continuation and intensification of the evils of the decade that has passed unless we take steps to see that the world adopts a new policy, a policy of stability and order in the international monetary and financial sphere.

I am not going to trouble you with an extensive discussion of the evils of the 1930's. I mention them only to recall to you these policies, what they did to the American exporter, and what they did to world trade.

There was exchange control. It attained in the 1930's a development that was truly remarkable. One could appreciate the genius with which new types of control were introduced and perfected if it were not for the misfortunes they brought.

There was competitive currency depreciation. We have seen currencies depreciate before. In fact, very few currencies had not gone through some depreciation in some stages of recent history; but always before depreciation was a misfortune arising during critical periods of war or revolution. In the 1930's, countries consciously went about cheapening their currencies for the purpose of capturing a larger share of a diminishing volume of international trade which this very policy was destroying.

There were blocked currencies. Many of you still have funds tied up, the proceeds of your exports, the funds which you should have received to compensate you for the expenses you incurred in producing and exporting.

There were multiple currency devices—currencies that had different uses and different values depending upon who owned them, how they were received and to whom they were transferred.

There were bilateral clearing arrangements damming the flow of trade and directing in into uneconomic channels.

With such tactics, what could be expected? World trade was stifled by economic aggression that was a preparation for war, and that resulted in war.

It is not difficult to show that in some cases, for example, in the case of Germany, these policies were designed to cut off the trade of that country with the world overseas in preparation for the war blockade and to build up the trade of Germany in the Balkans and in neighboring countries where German arms would give her industry complete access to raw materials and finished goods.

If I were to summarize what I believe is the view of responsible people in every one of the United Nations, I could fairly say this: After a decade of experience with these restrictive and discriminatory practices it is certain that no one can profit from a policy of restricting trade. On the contrary, such practices must lead to progressive impoverishment for all.

The United Nations must now decide on international monetary and financial policy in the post-war period. I want to put the case for the American tradition for a world in which international trade is carried on by selling and buying goods for money, without pressure of government, without currency devices to limit the amount that is imported and exported, and without restricting payment for goods that are bought.

There is no country that can prosper in a depressed and disorderly world. We above all should know that. We shall never have, we cannot have, a high level of employment and a high level of national income in the United States if around us the countries with whom we deal are depressed and impoverished. I think everyone is agreed that we cannot have a world capable of providing employment and capable of supplying the raw materials that industries need and the goods that consumers want if in the United States there is depression. Unless we make a new start after the war on a reasonable international monetary and financial policy, I believe that the task of maintaining a high national income in this country and the task of providing jobs for all will be immeasurably more difficult.

We cannot just sit back and say that if the United States will only maintain fair trade practices and pursue a policy of stability and order in the international monetary and financial sphere, all will be well. It can't be done that way. After a decade of restrictive controls and a half decade of destructive war, we will be able to secure the stable and orderly monetary and financial environment essential to trade, only if the United States, the British Empire and the other United Nations cooperate to eliminate the international economic anarchy of the 1930's and prevent their renascence in the 1940's.

Frankly, there are many people in this country who still believe that we can live in economic isolation, and this includes a considerable group who are convinced that it is no longer possible for this country to live in political isolation. There are people who agree that we must cooperate to maintain peace, but who cannot see that we must cooperate to maintain stability and order in international monetary and financial relationships. They overlook the fact that even in this country international trade is essential to American industry, to American labor and to American agriculture.

In the post-war world we may have to sell some 12 to 15% of our manufactures abroad. Directly, that means a good deal in wages and in jobs. Indirectly, it means all the difference between profitable industry and depressed industry, between industry which is prepared to undertake new investment and industry which is just marking time.

In some fields of agriculture more than 50% of our products must be sold abroad; cotton, tobacco and others. Even for those agricultural commodities of which only comparatively moderate amounts must be sold abroad, orderly markets and orderly exchanges are of tremendous importance. It is not merely that the United States could sell 5% of its wheat production in Europe. More important, the price of wheat in the United States is considerably affected by exchange rates in the leading wheat producing and wheat consuming countries. The American farmer needs stability and order in exchange rates to assure him against fluctuations in our agricultural exports and prices originating in the exchange policies of other countries.

Ours is a sensitive economic system, the most industrialized and the most mechanized economy in the world. It is an economy that is sensitive to every change in finance, to every change in trade. We can be prosperous only if all segments of our own economy are prosperous; and we are not going to have a prosperous industry and a prosperous agriculture if throughout the world we have a repetition of the currency disorders of the 1930's.

If in this country we are to attain the level of prosperity, the level of employment, of which we are capable, we must make sure that not only in our domestic markets, but also in our foreign markets, there is adequate demand for our industrial and our agricultural products. We must lead in taking positive steps to eliminate the restrictive and discriminatory devices that hamper the growth of world trade and the free flow of capital for productive purposes.

We have been conscious of this in the Treasury for a good many years. We have never doubted that the solution to this problem, the problem of maintaining stable and orderly monetary and financial arrangements, can be found only in international cooperation. No country alone can assure stable and orderly exchanges so long as other countries see an opportunity for illusory and temporary advantages by exchange depreciation, exchange controls and other restrictive and discriminatory devices.

For nearly ten years the Treasury has been taking steps to bring about international cooperation on monetary and financial problems. We have entered into stabilization agreements with our Latin American neighbors. The fact that in the latter part of the 1930's the exchanges of the American republics were relatively stable is in part due to the arrangements we had made with some of these countries for stabilization of the exchanges and for consultation on exchange policy. Although under these agreements we undertake to provide dollar exchange when needed for stabilizing the currencies of cooperating countries, we have never lost one cent under any of our stabilization arrangements.

Eight years ago the United States, the United Kingdom and France agreed to consult with each other on the maintenance of stable exchange rates, and the elimination of the discriminatory and restrictive practices that were then spreading rapidly. To this Tri-Partite Accord, Belgium, Holland and Switzerland later gave their adherence. I wish I could say that the Tri-Partite Accord succeeded in restoring order and stability in international finances. It did not. In part it was because of the very limited scope of the Tri-Partite Accord. In part it was because Europe was already in the turmoil of preparation for war. The Tri-Partite Accord was as far as we could go then; but the world required something more than that.

In the past two years we have been discussing with some 30 countries means by which we could all cooperate to terminate the destructive practices and to eliminate the restrictive measures that are so dangerous to world prosperity. As a result of these discussions, the United Nations and the countries associated with them, 44 countries in all, have prepared articles of agreement to establish an International Monetary Fund and an International Bank for Reconstruction and Development. These agreements will be submitted to the governments, and in the case of the United States to Congress, for ratification. These agreements provide the best basis for intertional cooperation on monetary policy and international cooperation on investment policy.

Let me tell you what the Fund does to encourage the balanced growth of world trade and the free flow of capital for productive purposes. The forty-four countries that would join this Fund agree to maintain stable and orderly exchange rates. They agree not to engage in competitive exchange depreciation. More specifically, they would not change the par values of their currencies, which would be expressed in terms of gold, except after consultation or after approval by the Fund. These countries agree not to impose restrictions on payments for current international transactions without the approval of the Fund. They undertake not to make use of discriminatory or restrictive currency practices. These are the policies that member countries undertake to follow.

Countries can undertake such commitments to maintain stable exchange rates and to assure payment on all current transactions only if they know that in an emergency they can find help. To give them this help the 44 countries subscribe to a fund of $8.8 billion, part of the subscription in gold and part in local currency. Any country that needs help in maintaining these policies would be permitted to buy foreign exchange from the Fund in limited amounts and under adequate safeguards while the country takes measures to restore its balance of payments.

In brief, the purposes of the Fund are to secure international cooperation for stable and orderly exchanges and the elimination of restrictive and discriminatory exchange practices, and then to assure member countries that if they need help in maintaining these policies they can get that help, always with the understanding that they will take measures to correct the maladjustments that have given rise to the need for such foreign exchange. These are the conditions under which we can reasonably ask countries to pursue policies beneficial to them and to us, and to avoid extreme measures which are destructive of national and international prosperity.

To the exporter the proposed agreement on the International Monetary Fund means that he will be safeguarded from competitive currency depreciation. He will be protected from the sudden cutting off of trade through exchange controls. He will be assured payment in his own currency for his exports. Just such practical measures are a necessary prerequisite to the expansion of world trade.

The Bretton Woods Conference also prepared articles of agreement for an International Bank for Reconstruction and Development, and this proposal too will be submitted to Congress for its approval.

I don't know whether we realize the tremendous importance of the free flow of productive capital to international trade. In all the great industrial countries, and particularly in the United States, a large part of the exports represents capital equipment, and such capital equipment can be sold in considerable amounts only if foreign investment is maintained. As sellers of machinery and other equipment we have this direct interest in seeing that there is an adequate flow of capital for productive foreign investment.

But there is much more to the problem of foreign investment. The reconstruction of devastated areas and the development of backward areas must be facilitated if a high level of trade is to be restored. Make no mistake about it; our best customers are those countries with the highest levels of income, Canada and the United Kingdom. This is true even of exports of finished industrial products. You cannot sell manufactured goods in large amounts to poor people. We have an interest in seeing that other countries develop and grow economically, so that they will be buyers of goods we produce and sellers of goods we need.

There are some people who are afraid that foreign investment will bring about a repetition of the 1920's. I think it can be said that foreign investment in the 1920's was not the cause of the great depression. Whatever part foreign investment had in the difficulties of that period arose because the investments were not for productive purposes and were made without consideration of the balance of payments position of the borrowing countries. I have no wish to stir the cold ashes, but we must recognize that in too many instances the loans of the 1920's to the American republics began in fraud and inevitably ended in default.

In our opinion the proposal for an International Bank for Reconstruction and Development avoids the hazards that have marred international investment in the past. The Bank would act only after an investigation shows that the loan would be productive, that it is within the capacity of the borrowing country to service, and that it is undertaken with due consideration for the interests of the borrower and the investor. Under these conditions the Bank would undertake to guarantee the loans made by private investors.

The Bank for Reconstruction and Development is not intended to be a lending agency. It is primarily intended to be a guaranteeing agency. Eighty percent of its capital is reserved as a surety fund for the securities it has guaranteed or issued. The Bank would not attempt to provide the capital the world needs. That capital must come from private investors. The Bank would give private investors the assurance that their loans are for productive purposes and within the capacity of the borrowers to pay, and that if there is a default the Bank will provide the necessary funds to indemnify the lender.

In exceptional cases the Bank might make loans out of its own capital. For this purpose 20% of the capital is paid-in. Nevertheless, those who have studied this proposal carefully expect that much less than one-fifth of the business of the Bank would be done with its own resources.

International investment must come from funds provided by private investors, but these private investors, while willing to lend abroad, will only provide funds if they have a reasonable expectation that their investment is safe. This assurance would be given to them by the Bank with a capital of more than $9,000,000,000 subscribed by 44 countries. This capital would be available, in gold or United States dollars, to meet defaults on securities guaranteed by the Bank. With this assurance private investors can safely undertake international investment for productive purposes.

We are at the crossroads. We are going to have a world in which there are orderly and stable monetary and financial conditions, a world in which it is possible to have expanding world trade for the benefit of all countries, or we shall have a world of restriction and discrimination, a world in which the tactics of the 1930s will be practiced with new ingenuity in the 1940s, the kind of world in which international economic aggression may again be the prelude to war.

We believe that for the United States there can be only one choice. We must take the leadership in inducing countries to cooperate with us to provide a sound foundation for prosperity and peace. We believe that in the proposals for the Fund and the Bank the Bretton Woods Conference has given the world such a program.

Equitable Securities Opens New Department

Brownlee O. Currey, president of the Equitable Securities Corp., 322 Union St., Nashville, Tenn.,has announced the opening of a new Business Counsel and Management Department under the supervision of George J. Hearn, Jr., to be assisted by J. C. Schutt. Mr. Hearn has been elected a vice president and director of the Equitable, and Mr. Schutt has been elected to the office of assistant secretary. Both have been associated with the American National Bank of Nashville, Tennessee, for the past twenty-five years, Mr. Hearn serving as a vice president with Mr. Schutt as his assistant. Their previous work consisted of refinancing and rehabilitating industrial corporations, as well as giving business counsel to industries and businesses not only in the South but all over the United States.

The Equitable Securities Corporation has branch offices in all of the major Southern cities, and the new department represents a further expansion of its activities. With the addition of Messrs. Hearn and Schutt, the Equitable will be in position to offer business management and counselor service to all classes of business concerns.

Propose Legislation Removing Restrictions On Gold And Silver

Legislation to permit the free movement of newly mined United States gold and silver in world markets was proposed in both Houses of Congress on Sept. 1, said Associated Press advices from Washington on that day; the advices added:

Simultaneously, Senator Scrugham (Dem.-Nev.), co-sponsor with Representative Engle (Dem.-Cal.), issued a statement asserting: "It is high time our producers were permitted to take advantage of high world prices."

"Those so-called economists who object to higher United States Treasury prices for gold and silver on the ground that this would constitute a subsidy hardly could object to domestic producers benefiting from high prices abroad," Senator Scrugham's statement said. "The bill specifically exempts export of such metal as is needed in the war effort.

"I do not think the monetary plan evolved at Bretton Woods Conference is sound without both gold and silver backing in substantial amounts. In my opinion, Congress will do well to reject the plan as it now stands.

"Those who complain that our Treasury already holds too much gold and silver should be pleased at the prospect of foreign sales being made. The nations agreeing to the Bretton Woods plan should be happy over the possibility of obtaining more of the precious metals to contribute to the common fund."

Interesting Situation

H. R. Baker & Co., Russ Bldg., San Francisco, Calif., have available an interesting report on Security First National Bank of Los Angeles. Copies of this report may be had from the firm upon request.

This advertisement is neither an offer to sell nor a solicitation of an offer to buy any of these securities. The offering is made only by the Prospectus.
This advertisement is published on behalf of only those of the undersigned who are registered dealers in securities in this State.

NEW ISSUE

60,000 Shares

Edward G. Budd Manufacturing Company

$5.00 Cumulative Prior Preferred Shares

Without Par Value

Price $67.375 Per Share

The Prospectus may be obtained from such of the undersigned
as are registered dealers in this State.

Ladenburg, Thalmann & Co. **White, Weld & Co.**

Lazard Freres & Co.

Eastman, Dillon & Co. **E. H. Rollins & Sons** Incorporated **A. C. Allyn and Company** Incorporated

A. G. Becker & Co. Incorporated **Cruttenden & Co.** **H. M. Byllesby and Company** Incorporated

Carl M. Loeb, Rhoades & Co. **Kebbon, McCormick & Co.** **Riter & Co.**

Singer, Deane & Scribner

September 6, 1944.

The Hobbs Bill And Protection For Stockholders In Railroad Reorganization

(Continued from page 1034)

these colleges, insurance companies and savings banks.

The Interstate Commerce Commission Approved All Railroad Securities Issues Since 1920

Under Section 20A of the ICC Act, common stock can be issued only for cash or equivalent. Of the railroads now in bankruptcy, the ICC itself actually approved 100% of the no par stock issues and 38% of the $100 par stock issues. Why should the ICC now confiscate these stocks?

Under What Law Does the ICC Confiscate Private Property?

Section 77, amending the Bankruptcy Act, was passed in 1935. It provides for "modifying or altering the rights of stockholders." But it nowhere provides, expressly or implicitly, for wiping them out. How can the right to "modify or alter rights" mean to destroy those rights? If Congress had intended to wipe out the stockholders, would it not have said so? Sub-section (e) provides "for fair and equitable treatment for the interests of those rejecting the plan." How can confiscation of the stockholder be interpreted as "fair and equitable treatment."

Section 77 does, indeed, authorize the ICC to reduce fixed charges. But it does not authorize the Commission to reduce the total capitalization. Yet the Supreme Court upheld the ICC in the Western Pacific and the St. Paul reorganizations. The Court decided that the ICC's confiscation of the stock was beyond judicial review. And $400,000,000 par value of stock, abundantly covered by assets on the ICC's own valuation, was destroyed without any hearing for the stockholders.

Here is a sequence of strange facts. The ICC makes a blind guess of future earnings based on depression records of 1931-35, while current earnings are rising and when post-war traffic prospects are bright. It fails to recognize its own valuation of property. It substitutes an arbitrary guess of valuation. It refuses to recognize equity. The courts refuse to intervene. The stockholder is deprived of property without due process of law, in violation of the Constitution.

What Are the Effects?

The aim of the law was to relieve the debtors of a burden. But the effect of the law as interpreted by the ICC and sustained by the Supreme Court, is to relieve the debtors of their properties.

Property Investment Exceeded the Old Capitalization

Therefore decapitalization, or wiping out of stock, seems irrelevant. Decapitalization hides the evidence of errors in Government railroad policy. The ICC admitted that its errors of policy contributed to the plight of the railroads. Should it now be permitted to bury the victims of Government policy so as to hide the evidence? Or should it be asked to work out a national transportation policy, if only for national defense?

Shares with high earnings are declared worthless by the ICC. A few typical cases follow. Chicago, Milwaukee, St. Paul old stock is earning at the annual rate of $15 per share; Chicago & Northwestern, $25; New York, New Haven & Hartford, $22; Western Pacific, $26, and St. Louis & Southwestern, $38. The stockholders who sweated through the depression of 1933-39 are being wiped out after prosperity returned and shows promise of continuing after the war.

The ruthless policy toward the common stockholder is manifest in market valuations. The prices of railroad shares reflect fear, not confidence. The yield on railroad shares averages about 1½ times as high as on industrials. du Pont yields 3%, but Atchison yields 9%. How can new stock issues be sold at such yields when the return on property investment was limited by the ICC to 5¾% and was actually less than 2% in the depression of 1933-39.

New Stock Financing Is Discouraged

Practically no new common stock has been issued in 10 years. From 1934 to 1943, new issues of railroad bonds totaled over $2.5 billion, but new common stock issues totaled only $4 million, or one-sixth of 1% as much. This condition shows lack of confidence of the common stockholder. Only bonds can be sold. Such bond financing is creating the prerequisite for future bankruptcies.

The Expropriation of the Stockholder Represents a Regression in Legal Evolution

Bankruptcy procedure has a history of over 300 years. Originally, failure to pay interest or principal resulted in the loss of property and imprisonment. The English common law had no provision for relief. Debtors then appealed to the king for equity. The Chancellor, "the keeper of the king's conscience," intervened to protect the owner against the creditors. Beginning in the reign of King James I (1601-25), the Court of Chancery acted to relieve the debtor or mortgagor. The right of debtors was greatly and continuously extended. It was never contracted until the ICC eliminated the stockholders of American railroads in favor of the creditors. Our Government, in 1944, has reverted to the procedure of medieval bankruptcy. Is its attitude due to lack of knowledge? Or, unlike kings, have democracies no conscience?

The courts refuse judicial review of the rulings of the ICC and administrative bureaus. These bodies are not responsible to the people. Yet the courts review laws passed by Congress which creates these bureaus. Congress is checked both by the courts and by elections. But administrative bureaus, created by it, are utterly unchecked. Chief Justice John Marshall, a giant of the Supreme Court (1801-35), developed our tradition of judicial review. It is not even mentioned in the Constitution. It arose because a great legal mind dominated the Court. **But in the last decade our courts have regressed 100 years** to the pre-Marshall stage.

The Reconstruction Finance Corporation Is Helping to Expropriate the Stockholder

The stockholder is not now, as formerly, allowed to pay an assessment to retain his property. Instead, he pays taxes to the Treasury. The money then flows to the RFC. The RFC lends to the railroads, and then squeezes out the stockholder. Thus he finances his own spoilation. Our economic system is furnishing the funds for its destruction.

What Are The Fallacies Underlying Current Railroad Reorganization Procedure?

When earning power declined in the 30's, did the Interstate Commerce Commission find out why earnings declined; whether the decline was temporary, and if and how earnings may recover? No, it merely tried to eliminate the stockholder.

Besides, government policies concerning the stockholder conflict. The ICC property valuation figures show that there is an abundance of assets for common stocks of bankrupt railroads. Yet, in reorganization it allots nothing to the common stock. But the Securities and Exchange Commission in liquidating holding companies, gives new securities to the old common stock, even if assets are insufficient to cover the old preferred stock. The SEC rules that the common stock has a right to potential future earning power after 15 years.

Again, the SEC seeks asset value as a basis for new capitalization. But the ICC now seeks, not present assets, but ancient earnings as a basis for new capitalization. Yet not so long ago "the ICC did not reject . . . a single one of the 40 odd plans which were submitted to it between the passage of the Transportation Act of 1920, giving it power over the issue of securities, and the passage of Section 77 of the Bankruptcy Act in 1933." (Moore; Reorganization of Railroad Corporations, p. 10.)

Low Railroad Earnings Were Due Not To The Number Of Shares But To Government Policy Since 1933

The cotton and grain which were plowed under and the little pigs that were killed reduced potential traffic on the railroad. Again the trucks and other competitors of railroads were unregulated by the ICC. Their labor worked longer hours and at lower wage rates than unionized railroad labor. Legislation against private enterprise and risk-taking during the 1930's, prevented business volume from rising to normal. Housing from 1935-38 was about ⅕ of the volume of 1923-25. The steel industry by 1939, for the first time in the history of the United States, did not attain its previous high level of 10 years ago, despite increase in population. Heavy industry stagnated.

The International Economic Situation Since 1933 Also Reduced Railroad Traffic

International loans went into default. Economic autarchy was rampart. Currencies were blocked. Barter replaced trade. Our export trade of agricultural products practically ceased. Surely these conditions will not continue forever? **Why wipe out railroad stocks now?**

Meanwhile, the railroads greatly increased their efficiency. Traffic volume in 1941 and 1929 were about the same. But even though railroad wages were raised $350 million, operating expenses were actually reduced $800 million.

Dividend Policy Was Conservative

From 1919 to 1930, the railroads earned about $12 billion but paid dividends of only $6.8 billion or 55%, and $5.3 billion of stockholders' money was put back into the properties. Roads now in reorganization show an even more conservative record. From 1921 to 1930, St. Louis and San Francisco paid out but 50% and withheld $40. Rock Island paid out only 36% and withheld $34. St. Louis Southwestern Railroad is the most sensational case. From 1920 to 1929 the company earned over $79, paid no dividends whatsoever and put all the earnings back into the property. From 1941 to date the common stock earned over $100 per share. But under the ICC plan, the stock is regarded as valueless and is being eliminated.

The Railroads Are Not Over-Capitalized

In 1920, the ICC valuation for rate-making purposes was $18.9 billion. The par value of the total capitalization was $16.9 billion. The railroads were under-capitalized by $2.0 billion. From 1915 to 1938 this conservative trend persisted. Investment in road and equipment increased by $8.2 billion to $25.6 billion. But total capitalization of stocks and bonds increased only $1.7 billion to $18.0 billion. By 1938 the railroads were under-capitalized by $7.6 billion. "Obviously the railroad difficulty is not due to over-capitalization." (ICC Ex Parte 123, March 1938.) Yet, stock issues, approved by the ICC, are now being wiped out.

Reorganization Requires Reduction Of Debt, Not of Capital Stock

Good reorganizations were accomplished under the old law merely by debt reduction, as in the Santa Fe, Union Pacific, Norfolk & Western. Professor Stuart Daggett in his classic study, "Railroad Reorganization" (Harvard University Press, 1908) analyzed the successful reorganizations from 1893-98. All showed a reduction in fixed charges, averaging over 30%. But the total capitalization of the seven railroads actually increased by the issue of new additional preferred and common stock to old bondholders. Their prices rose greatly, thereafter. The principle was that the "nominal value of outstanding securities should be reduced as little as possible. . . . Justice does not demand that old bondholders be given the unlimited chance at future surpluses which old stockholders should enjoy."

The same sound principles were expressed by Dr. W. H. Moore, in "Reorganization of Railroad Corporations" (1941).

"The total fixed charges of the thirty-one railroads reorganized through court proceedings between 1914 and 1933 were reduced 43.84% by the readjustments. . . . The total capitalization, including both debt and capital stock, was frequently increased. . . . Equity does not demand that the bondholders be enriched by entirely excluding stockholders from the property in the event earnings recover to old levels." (pp. 12, 13.)

Decapitalization or eliminating the stock solves no problems. Bankruptcy is due to the amount of bonds, not of stock. A stock has no fixed charge. The number of shares outstanding has no bearing on the value of the total capitalization. General Electric and General Motors now have about 16 and 30 times, respectively, as many shares outstanding as in 1924.

The reason that the ICC now would wipe out stock is that it forecasts low earnings in future. **But forecasting earning power is a task for gods, not men.** ICC Commissioner Miller wisely said: "We are not omniscient and cannot foresee the future." (242-ICC 475.) The very plight of railroads is an evidence of that inability to forecast. And the ICC has admitted it. Even in the narrow technical railroad rate-making field the ICC showed amazing errors of forecast. (See House Hearings on Hobbs Bill, pp. 85, 86, 108, et seq.) Yet the Commission, with unshaken faith in its infallibility, now forecasts that railroad earnings will never recover and therefore wipes out common stocks. Never is a long time.

Bankruptcies occur only in a depression. In a depression earnings are low. And the ICC forecasts that the earnings will always be low. The average annual net income for stock during the period 1931-35, which the Commission uses as a base, was $336 million less than the average for the 20-year period 1921-40. Why should not the ICC take a long look instead of a short squint at the earning figures?

Surely the depressed 1930's, used by the ICC, make a poor base for forecasting future earnings. In fact, the then Federal Railroad Coordinator, Joseph B. Eastman, when proposing the 1935 bankruptcy amendments, stated that the Commission would not measure "earning power" by depression earnings. The ICC uses the earnings of the period 1931-35 as a normal base for reorganization. But this was by far the worst five-year period in the history of the growth in the United States. Since 1790, there was no period when the economic indices failed for a full five-year period to rise above the corresponding period of the preceding decade.

Let us examine a few of the major economic indices. Take the performance of 1931-35 as a base of 100%. What was the index 10 years previously, in the period 1921-25? For cash farm income from marketings it was 159%. For steel operations, as a percentage of capacity, it was 170%. For building contracts (in square feet) it was 374%. For freight car orders, it was 905%.

On the base of 1931-35 as 100%, then for the entire 20-year period, 1921-40, cash farm income from marketings was 142%; steel operations were 172%; building contracts, 269%; freight car orders, 508%.

In the long depression of the 1930's occurred the greatest railroad bankruptcies in the history of the United States—77,000 miles as compared with the previous high record of 40,000 miles in the depression of 1894. The period 1931 to 1935 was an historic economic emergency, resulting in social upheaval. Are earnings of such a turbulent period a normal base for railroad reorganizations? Or does the ICC contemplate a permanent emergency and perpetual upheaval?

How can the 1940's be as dismal as the 1930's? A conservative political trend is sweeping the country. We shall have less experimentation at the expense of business. From 1933 to 1939, a lunatic in Europe almost wrecked international trade. The ten years after the war might well be the most prosperous decade in history. But the ICC forecasts otherwise. What ground has it for such a forecast?

Railroad Earnings Could Increase Greatly

The prospects for the railroads are brighter than in a long time. Competing trucks are now also federally regulated. Their labor is also unionized. Under existing fairer, but not yet equal, competition, trucks are now pleading to the ICC to raise railroad rates that trucks may survive?

Again, forecasts made by leaders in various industries using steel, like automobiles, farm equipment and building construction anticipate post-war production exceeding even 1929 levels. Experts of the Department of Commerce support this thesis. The future net earnings available for all railroad common stocks should be substantially above the minus $20 million of the depression period 1931-35. They might easily equal the 20-year average of $316 million, or even possibly approach the average for 1921-25 of $499 million.

The national income for 1931 to 1939 was low, averaging $55 billion. The post-war national income was estimated by Government and private sources at between $125 and $150 billion. Transportation income is a fixed percent of the national income. If such national income is realized, railroad traffic and earnings should rise greatly above the 1930's. Why should the 1930's earnings be projected into the next decade? But even on the 1930's volume of traffic, earnings could increase under a program of abandonment of useless and unprofitable mileage, the elimination of land-grant rates, coordination of transportation and consolidation of railroads.

Assume that the country may be blessed with a decade of economic statesmanship. Assume that we follow the successful experience of Great Britain in consolidating the railroads and coordinating all transport agencies. The savings could be considerable, perhaps as high as $600 million. This could be divided between the consumer, labor and the investor and still leave enough earnings for the common stock to make the present confiscation of stocks look ridiculous. Why should the ICC assume that we shall never enjoy the economic statesmanship that proved successful in Great Britain?

A recent study by Max Halpern, an independent analyst, shows that the best pre-war increases in traffic were in the Western bankruptcy belt. He takes 1925-1928 as a base of 100% for the index of ton-miles of traffic. For the pre-war 12 months ending August, 1939, this index for all Class I railroads declined to 77%. But the St. Louis-Southwestern index of ton-miles rose to 104% and Western Pacific to 123%. Why does the ICC wipe out these stocks? Before the war the bankrupt Western roads enjoyed growing traffic while the country as a whole suffered declining traffic. Why does the ICC not pay some attention to traffic trends and prospects of the several roads and regions?

Confiscation of Stock May Be Unconstitutional

Section 77 authorizes the reduction of charges. It does not authorize the confiscation of property. Under the Fifth Amendment to the Constitution, "No person shall be . . . deprived of . . . property without due process of law." But the stockholders had no day in court. They were not even permitted to be heard. The courts ignored the physical valuation of the properties by the ICC. The courts decided that rulings of a creature of Congress are not subject to court review. Yet Section 77 does not deny the right of court review. Certainly, Congress never intended to give the ICC such powers.

A Remedy Is Available

Legislative relief is possible through the Hobbs Bill, H. R. 4960. This bill is an amendment to Section 77 of the Bankruptcy Act. This bill, introduced over 16 months ago, and unanimously approved by the Judiciary Committee, is lying in the Rules Committee. The bill aims to prevent the wiping out of the present common stockholders of bankrupt railroads. It provides that existing capitalization shall not be reduced unless it exceeds either the property investment or the ICC valuation of the physical property. The bill provides for judicial review. It orders the courts to make an independent judicial study of the findings of the Commission. It sets a standard for ICC policy. It does not permit the ICC to base capitalization on guesses of earnings.

Since over 90% of the railroad stockholders own units of less than $2,000 market value, it means that little fellows would be the prime beneficiaries of the bill. They are now leaderless lambs facing Washington wolves in sheepskins. The ICC itself approved these common stock issues. Has the railroad stockholder no rights which the Commission and the courts are bound to respect? Let Congress speak!

Labor Also Will Benefit Under The Hobbs Bill

Jobs are created by the investor. Labor is employed when new common stock is issued. If the common stockholder is wiped out, he will hesitate to buy new issues of stock. And labor will be unemployed.

What Can The Small Investor Do?

The inevitable victims of this witless process can avert the evil that now threatens. The Hobbs Bill, H. R. 4960, can be brought to the floor of the House for debate. Stockholders of reorganization railroads must help themselves. They should support pending legislation. If the 800,000 small stockholders bestir themselves, Congress will act. If they do not, Congress will permit the present confiscation to continue. For if the small stockholders do not act promptly and forcibly, no one else will. Immediate vigorous action by an alert 1% could bring relief. It is not yet too late. It soon will be.

(With thanks to the New York "Times" and Washington "Post" for use of portions of this article.)

Tomorrow's Markets Walter Whyte Says——

Outlook for immediate collapse of Germany and end of European hostilities intensifies bearish market outlook in majority opinion. Market, however, acts good and continues indicating higher prices.

By WALTER WHYTE

In last week's column I took a pessimistic view of the long term future, basing this opinion on the head-in-the-sand attitude of Congress. You will recall that our lawmakers were in recess when they were hurriedly called back to Washington to do some post-war planning.

* * *

Well, it looks as if the planning is over. At least the gentlemen on the Hill have gone through the motions and have come up with a hodgepodge of legislation that has as much relation to the facts, as we see them all around us, as has Hitler's boast of yesteryear to events of today.

* * *

But if the long pull outlook leaves much to be desired, I see few flies in the ointment of the immediate future. It is even possible that my pessimism applied to the long range may be overdone.

* * *

Long ago some President of the U. S., whose record was one of mediocrity, said that the difference between depression and prosperity was the foreign market. I realize that discussing a foreign market today seems, to say the least, premature. The fact, however, remains that what will be the biggest foreign business in our history is in prospect.

* * *

Of course whenever post-war business is discussed the question of reconversion comes up. From where I sit it seems to me that major industries have little to fear from that source.

* * *

A pent-up consumers' market exists. But beyond that is the demand that will certainly come from across the seas. The financing of such activity will be taken care of through various governmental bodies. At this point friction will certainly arise. For from present indication the financing of such deals will be largely in the hands of government.

* * *

The major problem of reconversion deals with the

(Continued on page 1053)

E. G. Budd Preferred Stock Offered Publicly

Ladenburg, Thalmann & Co. and White, Weld & Co. headed a group of investment firms which offered Sept. 6, 60,000 shares of Edward G. Budd Manufacturing Co. $5 cumulative prior preferred stock (no par). The stock was priced at $67.375 a share.

Net proceeds from sale of the shares will be used to redeem such shares of 7% cumulative preferred stock of the company as shall be outstanding on Oct. 15. The redemption price on that date, $110 plus accumulated dividends from Nov. 1, 1930, will be $207.71 a share.

All the company's outstanding $5 cumulative prior preferred shares were issued in exchange for the 7% stock on the basis of two shares for one. In addition to the 60,000 shares being offered by the underwriters, the company is continuing to offer on this exchange basis 35,868 shares of $5 cumulative prior preferred to holders of the unexchanged balance of the 7% stock.

G. W. Martin Partner In McMaster Hutchinson

CHICAGO, ILL. — McMaster Hutchinson & Co., 105 South La Salle Street, announce the withdrawal of Robert F. McMaster as a partner, and the admission of George W. Martin, Jr., to partnership in the firm. Mr. Martin has been with the firm since its inception and is continuing in his capacity as office manager.

Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request.

Du Mont Laboratories "A' Merchants Distilling; Crowell-Collier Publishing; P. R. Mallory; General Instrument: Long Bell Lumber Co.; Great American Industries; Mid-Continent Airlines; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Electrolux; Purolator; Brockway Motors; Mohawk Rubber, Moxie, Scoville Mfg.; Douglas Shoe; and American Export Airlines.

Gallagher To Manage Dempsey-Detmer Dept.

CHICAGO, ILL.—Dempsey-Detmer & Co., 135 South La Salle Street, members of the Chicago Stock Exchange, announce that James P. Gallagher has become associated with them as manager of the trading department.

Mr. Gallagher's connection with Dempsey-Detmer & Co. was previously reported in the "Financial Chronicle" of Aug. 31.

A Speculation Of Merit

Common stock of United States Sugar offers a speculation of merit according to a memorandum issued by Cohu & Torrey, 1 Wall Street, New York City. Copies of this interesting memorandum discussing the situation may be had upon request from Cohu & Torrey.

Saunders, Stiver & Co. Now Cleveland Exch. Members

CLEVELAND, OHIO — Saunders, Stiver & Co., Terminal Tower, has purchased a seat on the Cleveland Stock Exchange, and Alvin J. Stiver, a partner in the firm, has been elected a member.

We offer, subject:

$500,000

Canadian National Railways

Dominion of Canada Guaranteed

4½% Bonds, Due Sept. 1, 1951

Non-callable

Price to yield 2.50%

Wood, Gundy & Co.

Incorporated

14 Wall Street, New York 5

Direct Private Wires to Toronto & Montreal

Canadian Securities

By **BRUCE WILLIAMS**

Canadian preparation for the post-war era is just as thorough as its successful management of its wartime controls. Not only has adequate provision already been made for the orderly disposal of war plants and demobilization of the armed forces, but definite plans have also been made for industrial activity that will aim at the goal of full employment at the close of hostilities. Furthermore, to guard against all contingencies a far reaching scheme of social legislation has already been passed that will virtually subsidize every family in the Dominion.

In addition, Canada is busily consolidating her freshly won position in the international field. At the Hot Springs, Atlantic City and Bretton Woods international conferences, the Canadian representatives were well to the fore. The only scheme so far advanced for the control of international aviation after the war, although rejected by ourselves and Great Britain, was formulated by Canada.

With regard to the market for the past week the anticipated firmness of tone with little general activity duly materialized. However, a large block of the longer-term Nationals was offered from Canada and was placed with little effort. This transaction was indicative of the recent change in market sentiment over the past few weeks since the political atmosphere has been clarified in recent elections.

Mr. Stuart Garson, Premier of Manitoba, continues to press for an immediate Dominion-Provincial parley and is finding increasing support, although Mr. King has stated his intention to postpone such a conference until after the Federal elections. **Whenever it takes place, investors in Canadian provincial issues will be well advised to review their holdings.** As frequently mentioned, it has always been a distinct possibility that a Dominion-Provincial conference might lead to implementation of some of the Sirois Report recommendations and thereby strengthen the financial position of the western provinces.

Internal bonds continued weak and, as we approach Oct. 15, when maturing and called internal issues will create a supply of some importance of free Canadian dollars, the movement is likely to proceed further. Fundamentally, however, the situation is basically unchanged and it should be possible to make attractive purchases of internal bonds benefiting by the opportunity to acquire cheap exchange.

There still appears to be every reason for a continuance of the present generally firm tone and it should be noted that the Canadian National 5s of October 1969/49 will shortly fall within the 5-year category and, therefore, be eligible for wider investment. However, sudden peace news might temporarily disturb all investment markets.

CANADIAN BONDS

GOVERNMENT

PROVINCIAL

MUNICIPAL

CORPORATION

CANADIAN STOCKS

A. E. AMES & CO.

INCORPORATED

TWO WALL STREET

NEW YORK 5, N. Y.

REctor 2-7231 NY-1-1045

$50,000

Canadian Nat'l (West Indies)
S. S. Lines, Ltd.

5s, due March 1, 1955

Non-callable

Payable in the U. S., Canada or London

Guaranteed by the Dominion of Canada

Priced to yield 2.85%

TAYLOR, DEALE & COMPANY

64 WALL STREET, NEW YORK 5

WHitehall 3-1874

A Post-War Federal Tax Program

(Continued from first page)

makes or provides the basis for private industry. I do, however, assert without hesitancy the negative of the proposition. I am certain that excessive taxation improperly applied to corporate business and to its individual stockholders is the potent thing which can by itself make the private enterprise system *stop* ticking.

If we continue to give American taxpayers unremitting doses of taxation of the size and kind justified for the war emermency, then taxation alone will inescapably be the catalyst which will change the American system of privately capitalized enterprise into a State socialism of Federalized industry.

I've no doubt that there are many folks in this country who believe such a change would be a good one, but for the life of me I cannot see why they do. The faults that the private enterprise system have developed have never persisted long without public condemnation and correction, nor can such faults persist if this country remains a true democracy. On the other side of the ledger, this American way of doing business has put a raw colonial country in the rail position of international power and decent leadership with the highest living standard for human beings in the world in less than one century elapsed time from scratch. Not even the politicians seek to claim the credit for that.

This same American system, even while it was being hindered and called everything from economic royalist to stinker, did a better industrial job of preparing for and winning this war in two years than Totalitarian Germany did with a 25-year start. Free labor should be the foremost and most vigorous in its insistence that the American way of doing business and providing jobs and opportunity survive and grow stronger. The free churches, educational institutions and hospitals, privately financed from human charities, had better fight for this system or prepare to close up.

Well, until someone shows me what's wrong with it and offers me a better one with better proven results, I'm starting on the premise that we want the private enterprise system *a la* Yank retained as part of our post-war American way of life.

Dr. Harry Emerson Fosdick, in a personalized application, uses a quotation from Wordsworth that strikes me as a good text for my theme today:

"So build we on the Being that we are."

If we Americans are to build on the Being that we are, then obviously we can't continue to let Government revenues and Government spending based on those levies sit astride our industrial organization and suck the life blood out of both it and the individual citizens that finance and manage it.

I'm not a recognized economist or politico-economic theorist or sage whose words can be heeded for their own worth. I'm merely the tax chairman of one of your constituent State Chambers—that of New Jersey—but I have been in an excellent observation post long enough to report on the practical impact of taxation. My job, as I see it, is to correlate and index for you the best thinking of those who do speak with authority and vision on this problem. The question that they study and that we face is how much peace-time taxes business can take and still perform the job of reemployment and creation of a national income base sufficient to provide the justified post-war revenues the Government will need.

Here again it seems crystal clear to me that the Government is just as keenly concerned in the solution as the taxpayer—that is, if we want a democratic America. And I believe the Congress knows and is concerned with the problem. There isn't much political motivation or superficiality in the statements on Federal taxation made in the last year by men of the George, Doughton, Knutsen, Byrd, Dannaher, Robertson and Taft type. These men and many more of our legislators, national, State and local, are earnestly searching for the right answer and are pleading with the yous and mes of business for help.

The time is ripe to perform a major operation on a tax structure now in a chronic condition beyond aid by palliative amendment. The job shouldn't be approached from the economic laboratory or research angle. Our only motive is to get practical results. We want to restore the taxpayer patient to robust health. The economic welfare of his country will automatically follow his cure.

I'm always delighted to find my ideas expressed in clearer and better language than I can concoct. I found such an expression of our problem in an editorial in the July 22 number of "Collier's" magazine. It's succinct enough to quote most of it:

"We Need To Talk Taxes

"The movement for a constitutional convention aimed at putting a 25% limit on Federal income taxes is making considerable headway. Sixteen State Legislatures have now called for such a convention, and if a total of 32 do so, it will have to be held.

"As we have remarked before, we wish the movement success—though we're by no means wedded to the figure of 25%, or even to the proposition that income taxes should be limited by constitutional amendment. We are convinced, though, that this country needs an all-out and all-angle debate on income tax reform and related topics, and that a constitutional convention would provide a loud and attention-compelling forum for such a debate.

"Our income tax 'system' is not a system. It is a hodgepodge built up through the years, with political considerations almost always ruling out scientific principles of taxation.

"One feature of the income tax law—the taxing of dividends going and coming—bids fair to keep a lot of capital out of post-war enterprises which would make jobs and create real wealth. The excess profits tax is now backfiring grotesquely, by, for example, impelling various producers of war goods to sink a lot of their profits in such things as wildcat oil prospects.

"What we need is a national taxation powwow at which tax problems can be freely and furiously discussed, so that public opinion can be lined up behind needed reform. We don't know of a better means to this end than this proposed constitutional convention focused on taxes."

* * *

I have quoted this editorial, not for its dubious emphasis of the 25% limitation resolutions (I have the same fundamental doubt that that constitutional vise is the right answer), but for its punch line that we need to talk taxes now and "furiously."

Well, that tells the story. We're in agreement. That's why this group is here today. We know the sound kind of a post-war "America Unlimited" that the hundreds of thousands of business men making up our Associated State Chambers of Commerce want. We know how sincerely and, yes, how patriotically and prayerfully, these men who make the jobs and create the payrolls and produce the taxable income are planning ahead.

As their economic and technical tax advisers, we of this committee know why their planning is beset with doubts and difficulties which would appear insurmountable to a weak or subjugated industrial system. But they are not insurmountable. American business has just proven that it has the guts for such tasks.

We know that after a decade of depression, and the renegotiation of war profits, and the payment of war taxes, and the forced disposal of surplus war stocks, American business will not have sufficient liquid reserves for reconversion and post-war expansion. A study by the S. E. C. of 1,007 corporations' increase in working capital from 1939 through 1943 shows that inventories constitute 68.3% of the net working capital or plow-back savings. While it is true that this percentage is small in certain limited types of business such as 10.7% in public utilities and 18.1% in the case of the railroads, it is dangerously higher in the kinds of business that can primarily expand, develop new lines and provide new production and new jobs. In the case of trade corporations, the inventories constitute 77.8% of net working capital and in the manufacturing companies inventories have absorbed 88.4% of these avails. Gentlemen, our needed working funds are not liquid or available. And the fellows that we usually borrow such capital from haven't got enough of it, either, after taxes have reduced their maximum net to an annual $23,400.

When the optimistic figures of our Treasury Department on corporate savings are reduced by deferred maintenance and clogged inventories, we know we're going to have to do this post-war job on a pay-as-you-earn basis. We're here to put that story up to our lawmakers and show them the kind of a tax system that will leave us earnings after taxes to do that job. But we also should recognize the fact that they will be interested in our continued earnings only if the taxes before earnings permit them to do their post-war job. That means just this. The job is a nicely-balanced one, too big for either party standing alone. Private business and Government must do it together. Nor can we wait for the other party to move first. Time's a-wastin' for us to say to our elected representatives: "Here are our best suggestions on a tax yoke that will let us pull our full weight. Now you get busy and give us the go-ahead and we'll both get on with the peace!" Messrs. Doughton and George and Stam are moving in the same direction.

It is not within the province or time possibilities of this "keynote" talk to go into the details of a post-war tax program. That will be the purpose of our subsequent sessions here and later committee and educational work. We must, however, understand that we have more than a repair job. We must start with foundations and build anew the sort of tax house that will best weather and stand up to the post-war storms we see ahead. And I think we can insist that politics, and social reform and selfish interests stand aside while we build on a basis of taxation for needed revenue only.

Broadly speaking, as Dr. Harley Lutz puts it, we've got to decide as a nation how much public service is worth, its cost and limit Government activities to those we're willing to pay for. Then we must balance that cost to the figure taxpayer producing power can afford and still continue producing. And then we must spread that tax burden equitably and fairly as between all citizens.

I can, however, indicate by a few quick strokes of the word brush the nature of some of the more specific questions to be resolved and perhaps a pitfall or two to be avoided. Don't take the following statements on these specific points too literally or seriously. Obviously, I mean them as "come-on" suggestions to provoke thought. They are, however, the points most considered by our thinkers in taxation.

A workable tax structure should, above everything else, as Adam Smith originally said, strive to achieve an understandable simplicity. We are now at the peak of complexity.

It would seem that the bulk of changes and suggested changes in our tax laws in the past decade have been just the opposite of plain language and simplicity. Capital stock, declared value excess profits, surtax on undistributed profits, tax on spendings, several incentive schemes and Federal franchise are a few that illustrate the fact that our efforts to amend the present law have usually preferred the hard way of doing it. The obvious ways apparently are to "horse and buggy" for our day. But let's not be fooled into accepting streamlining and boogy-woogy as sound as applied to dependable public revenues. If you want the ultimate in simplification, you can have it under the plan proposed by Messrs. Ruml and Sonne for the National Planning Association which eliminates the income tax on corporations except for a 5% franchise levy. But that would seem to require more optimism than the past quarter century of Congressional treatment of corporations justifies. On the other hand, pessimistic realism points to the 40% rate on corporate net earnings regarded as probable by the Twin Cities Plan which would leave our present concept of taxable net income about as is. I think it is necessary to do better with both the base and the rate.

It *is* possible to adopt and define a simply-arrived-at base of realistic net earnings on which the needed revenues can be raised or lowered by an easily understood change in the tax rate. This would have the advantage not only of cutting down the taxpayer's cost of compliance and litigation, but also of forcing legislative discussion of tax changes away from the subterfuges of the technical language of amendments to the merits of the spending and appropriations which give rise to such rate-raising where it properly belongs.

Business expenses and deductions could be so standardized as to be practically self-auditing. Take, for example, one of the most troublesome and confusing, the wear and tear on property used up in producing income. Allowable depreciation can't be reconciled to book anyway. Why not use a sensible, rule of thumb, arbitrarily fixed, straight-line allowance for tax purposes and take it as a deduction only in the years when it is earned and let it go at that?

Another uncertainty of our present determination of annual taxable income and one which long delays and prevents the prompt closing of taxable years by the Commissioner is the handling of inventories. We had hardly cooked up a multi-worded relief provision in the alternate use of the last-in-first-out method of costing when the vagaries of war price fluctuation and the forced sale of base stocks made it a boomerang. Then we tinkered with more special sections to provide the substitution of replacement costs, holding open all years from 1942 until three years after the war. Pile renegotiation on top of that and confusion is complete. Why not try a simple allowance for the deduction of an inventory replacement reserve up to a reasonable percentage of normal base stock. If any of it isn't used within the first three post-war years, restore that balance to taxable income then without disturbing the past. To be sure, the rates may then be somewhat below the war level, but the Government could sacrifice that small amount of revenue for the sake of administrative certainty and taxpayers' nerves.

Why perpetuate confusion with two sets of corporate rates calling one the normal tax and the other a surtax? Let's have one rate—graduated at the bottom to give small business a break and new businesses a chance to start and grow.

We should not create new complexity by being panicked into segregating our national war debt and providing some special form of tax—be it a turnover on transactions as advocated by the Cowden Committee of the American Manufacturers' Association, or what not—to meet its carrying charges and amortization. Regardless of their size, these charges are regular budget items for a country paying for a war. They will affect the rate but do not justify complicating a basic tax structure.

I've heard much crying over the spilled milk of not having been allowed deductions for or the tax-free accumulation of so-called post-war rehabilitation reserves. And now these same incentive theories based on the "gimmies" are pressing for the deduction as current expense of the capital expenditures for conversion, deferred maintenance, etc. Mr. Business Man—don't do it. Such deductions must have bureau scrutiny and approval of the type your pension trusts are now being subjected to. You're simply passing control of your major spending and expansion policies over to a Government department.

The English six-year carry-forward of operating losses would come close enough to overcoming income cycles and to assuring that only real earnings would be taxed. Until we get away from high war rates, some carry-back as well as forward is probably fairer.

By far, the greatest bulk of complicated tax laws and regulatory sections and further complicating litigation and court decisions lies in the concept that capital gains and losses are and affect taxable income. Without this a multitude of bug-a-boos would silently fade out of the adminsitrators' and taxpayers' difficulties. Inter-family deals, a year-end tax-loss sales, corporate liquidations and reorganizations, allowed and allowable adjustment of bases, cost records, the never-terminated definition of a stock dividend, tax curtailment of free market trading, inequities in forced sales and estate settlements and a hundred other headaches—all gone in a twinkling. Other great commercial nations depending primarily on the income tax have gotten along very well without taxing capital increments. Why can't we?

Of course, to the trader in capital goods and securities, this increment is his real income, and it should be taxed, but to the usual individual or corporation such increments merely constitute an unrealistic distortion of real income.

To be realistic, we must also recognize that too broad a standardization of net earnings can work inequity. Exceptions must be made to provide equalization in treatment, but that are not too many exceptions, and they have long been recognized. Obviously, insurance companies, some types of cooperatives, chancy and heavy risk or highly seasonal or long-term cumulative enterprises must be equalized by special rules or they will be taxed to death.

Deductions allowable to individual taxpayers could also easily be purged and generously humanized to the point of understandable real earnings more acceptable to the taxpayer, and where he need only fuss about the rates and, better still, how his money was being spent!

After simplification and the setting-up of a standard income tax, we could sooner or later lop off the nuisance levies which have through the years grown on and around our tax structure mostly because of the political compromise and give and take of the moment. War excises have helped in war-time, but will hurt peace-time recovery if kept on selective products at wide rate differentials. If, after the transition period, we need excises beyond the historic tobacco and liquor luxury levies, let's face a general sales tax and honestly thrash it out.

Such simplification of the tax on net earnings could promptly be paralleled by the States which use an income tax and reciprocal provisions for deductions in the Federal and State laws could eliminate the taxing by either of taxes paid to the other. With this development and the abandonment of overlapping levies in the excise field, much of the confusion and lack of coordination between Federal and State systems would be eliminated, the reestablishment of mutually exclusive fields of tax jurisdiction would be advanced and even the duplication of estate and tobacco taxes might be avoided by full Federal credit or source collection and allocation, as the American Bar Association committee suggests.

I approach the subject of a supplementary general sales tax with all the controversial feelings that the heated discussions of it in these recent years have engendered. After watching it work in many other countries, I cringe from its weaknesses. It is certainly the revenue instrument most susceptible to political machinations. It can be given unfair and unequal application and can be used to stifle or create competition so easily by a bloc-controlled legislature. It is already so widely used by our States and local jurisdictions as to almost be preempted for national use. On the other hand, it can get a small but proper contribution toward the required revenues of a nation in the early post-war reconstruction period from an income level that we have been unwilling to reach with the complications of an income tax.

After we have cleaned the Augean stable of our presently cumulative tax nightmare, and while we are testing the resulting rates of a simplified standard tax structure against the uncertainties of the post-war national income on which it must produce, we may do well (with a time limit fixed on its use) to supplement and provide a safety margin for our national revenues by adding a low-rate, uniform levy on retail sales, with only the exemption coupons for a flat amount of purchases for the marginal and subsistence buyers. The inescapable result would be a first-hand tax consciousness and a more lively interest in public expenditures which our democracy has never really had. If we have to, let's use it honestly as a temporary means of getting out of the woods and back in the open where policed Federal expenditure budgets can be balanced on revenues based on income—the best measure of citizen ability to support the amount of Government service he wants.

In setting out a sales tax as an alternative to excessive and stifling individual rates on income, I believe the report of the Twin Cities business man's committee performed a great service in aiding correct perspective and clear thinking on this subject.

While I am advocating the elimination of most of our Federal excises for the simplification of a good post-war policy and peace program, I am fully aware that their retention for a limited time is administratively practical for the revenue needs of the immediate transition period.

Just a general side remark at this point. Let us stop using tax provisions for economic and social reform purposes in specific sections on penalties, incentives, subsidies, competition controls, equalizing the bigs to the littles, etc. These should be matters for direct legislation. Even if taxation must be used to help in inflation control, we needn't mess up the basic law with exceptions and special levies. Rate change can do the trick just as well.

One more side remark. To accomplish this vitally needed liaison between the taxed and his lawmakers and to get a cooperative and workable law instead of a superimposed one, it seems sensible that Congress should dig out of its pigeon-holes several long-filed resolutions and set up a non-political advisory committee compased of the best tax technicians and taxpayer representatives that the country affords. Brains, experience and statesmanship should be the only selective criteria of that group of business men, economists, lawyers, accountants and financiers with every major group of taxpayers having its champion.

Crackpot schemes, or in fact anything calculated as a hindrance in achieving the goal would not last long under the non-partisan scrutiny and frank analysis of such a group. This job is bigger than politics, and the cost of failure too vitally dear for this country to muff it.

And now, may I conclude with a program for your discussion from my digest of the many worthwhile ideas presented to date?

If, as a nation, we want a healthy, vigorously competitive, privately-financed business economy and broad opportunity for jobs and individual earnings from which the collection of needed public revenues can be assured, the following steps outline the right path:

1. Drop the excess profits tax promptly with the cancellation of the contracts for war earnings.

2. Eliminate the capital stock declared value excess profits tax hangover.

3. Repeal the ham-stringing type of war excises such as transportation—passenger, freight and pipe line—automobile license stamps, gasoline which should be left for State highway support with Federal road subsidies terminated, non-revenue raising nuisances on night clubs, furs, cosmetics, etc.

4. Tax business earnings once only—either as such or on dividend distribution to the recipient. Mechanics for either are simple.

5. Move definitely toward full simplification of the income tax structure with the adoption of an easily understood, standardized and lasting definitive taxable net income by such bold strokes as (a) the elimination of capital gains and losses from base income—except for traders in the capital transactions business; (b) easily computed arbitrary depreciation deductions; (c) generous and sensible personal deductions for dependents, medical and insurance costs; (d) adequate loss carry-forward provisions to reduce calendar year accidental and cycle curves to real earnings, and (e) one corporate rate.

6. Use the tax law for revenue-raising only, and do our reforming, social uplifting, competition controlling, subsidizing and penalizing in other direct statutes.

7. Marry, and so control, our spending and taxing equation by combining the functions of the budgeting and appropriations committees of Congress with those charged with revenue-raising, and by making the spending fiscal year and the tax year coincide.

8. Adopt the sound business method of fixing the current rate on the basis of current budget requirements.

9. And, finally, whatever the fundamental system is to be, get it outlined and understood and ready for adoption now—and the greatest hurdle to intelligent post-war planning will be behind us.

The Union Shop Is Part Of The Free Enterprise System: Green

(Continued from page 1034)

which are the basic causes of war and thereby build lasting peace for the future.

"No words can express our admiration for the way the armed forces of America have conducted themselves in battle against the enemy. These boys, who were never taught to revere the arts of war, faced troops in Europe who were trained from childhood in military techniques and in the Pacific they encountered hordes of fanatics who gloried in fighting to the death. Yet our good-natured and peace-loving American boys, inspired by the unconquerable spirit which only a free country can impart to its sons, moved irresistibly forward, crushed the full terror of every attack from the foe and now are charging ahead at a breathtaking pace to complete victory on every front.

"In France and in the Pacific the Nazis and the Japs are on the run and, by the grace of God, we will keep them on the run until our troops triumphantly lift the Stars and Stripes to the housetops of Berlin and Tokyo.

"Now who are these soldiers, sailors and marines who have been welded together into the most powerful fighting force the world has ever seen? They are no strangers to us. They are our own boys—boys from all walks of life—from the factories and farms and schools of our country—from every community and home in America.

"Many people overlook the fact that the armed forces are largely made up of workers. More than a million and a half of them are members of the American Federation of Labor, now serving in uniform. For instance, 80% of the 235,000 men enrolled in the Seabees, the fighting construction battalions of the U. S. Navy who made such a glorious record in this war, were drawn from American Federation of Labor unions.

"But those who bear arms are not the only army fighting for America. The millions who make those arms—the army of production—have played an equally powerful role in the victory drive.

"You men and women employed in this shipyard are serving in that army of production. You have helped win major victories against the enemy by breaking all past records in shipbuilding, just as your fellow workers in war production plants have broken records in the output of planes, tanks, guns, ammunition and other military supplies.

"Today, on the fiftieth anniversary of the celebration of Labor Day as a legal national holiday in America—the third Labor Day since Pearl Harbor—it is fitting and appropriate that recognition should be given to labor's contributions to the winning of this war.

"The President of the United States—the Commander-in-Chief of the armed forces — paid high tribute in his Labor Day message to the astonishing achievements of labor on the production front. The facts merit such praise.

"Since July 1940, American workmen have produced more than 130 billion dollars worth of fighting equipment.

"The planes they built have driven the German Luftwaffe and the Jap Zeros from the air and given the United Nations complete mastery of the skies over Europe an the Pacific.

"The warships they built have tripled the size of our Navy, destroyed the U-boat menace and given our side complete command of the seas and the oceans.

"The merchant ships they built now comprise an enormous fleet of 3,300 vessels — a veritable bridge of ships over which vital supplies can be rushed across the oceans to our fighting forces.

"The tanks, guns and ammunition produced by American workers are now thundering a victory chorus over the battlefields of Europe and the Pacific.

"No wonder our enemies are amazed. The vast quantities of military equipment we are throwing into battle have dismayed them as much as the courage of our men in uniform. One captured German captain, seeing the huge supplies of war material being unloaded on the beachheads of France, was reported to have said he had counted in that one afternoon more flying material than his own Nazi troops had received in six months.

"These superior products of the toil and sweat and skill of free American workers have inspired our own boys, just as they have discouraged the enemy. In many cases they mean the difference between life and death to thousands of our troops. The American soldier, seeing with his own eyes the superiority of his own fighting equipment over anything the enemy can hurl at him must experience a deep sense of gratitude to his friends at home who are backing him up so effectively.

"The entire world now realizes that together America's fighting army and her production army constitute an unbeatable team. Stalin and Churchill have publicly attested to the fact that American equipment and supplies saved Europe from being crushed by Hitler. The superiority of that equipment, both in quantity and quality, swung the tide of battle to our side and will keep it there until final victory is won.

"How were all these production miracles accomplished? You men and women know the answer because you helped to provide it. You worked—as never before—day and night around the clock—giving everything you had to the job. Under the patriotic leadership of your American Federation of Labor unions, you refrained from strikes for any cause and cooperated closely with management to get the work done faster and better. You bought War Bonds with your savings, you gave your blood to the Red Cross and you contributed to war relief agencies. Yes, you and millions of other American workers in every part of our land have done all this and you are still doing it and you are determined to keep on doing it until the war is brought to a final and victorious conclusion.

"No wonder the Senate War Investigating Committe in its third annual report declared that the job that has been done by American labor in this war 'not only assures that victory will be won, but it assures that it will be won more quickly and with fewer casualties.'

"These are the official utterances of a hard-boiled Senate Committee which was literally looking for trouble and would not have hesitated to denounce labor if the facts warranted.

"The heavy burdens of war, the long hours of work, the harsh sacrifices and the heart-rending worry for the safety of our loved ones—all have been rendered more onerous by the hate, the criticism and the false charges which have been directed against the men and women of American labor by their enemies here at home.

"Not by words—but by your deeds — these critics have now been silenced—at least for the time being. Their hate is still alive, even though they do not dare to shout it from the housetops as they did before. There is abundant evidence all around us that the enemies of labor are hoping and praying for the opportunity of renewing their feud against the trade union movement.

"Right here in the State of Florida, for instance, there is a move on now to abolish the union shop by amendment to the State Constitution. A referendum will soon be held to decide the fate of this anti-labor move. Similar attacks against labor's basic freedoms are being launched in California and Arkansas. If these raids are successful they will spread into a nation-wide open war on the workers of our country.

"That is why I appeal now with all the earnestness at my command to the people of Florida to nip this dangerous movement in the bud by defeating the open-shop amendment. By so doing you will not only be protecting the rights of the common people in this State but you will be striking a decisive blow against the development of Fascism in America.

"The Supreme Court of this State has held in a memorable decision that the union shop is Constitutional, that it is in the public interest, that it is helpful to production rather than restrictive and that it does not deny to any man or woman the right to work.

"The union ship is falsely termed a closed shop in order to make it appear that opportunities for jobs are shut off to those who seek work. This is propaganda of the lowest type.

(Continued on page 1056)

To Holders of

$130,662,000

State of Arkansas

Highway Refunding Bonds of 1941:

Re: Payment of October 1, 1944 Interest Coupons.

As a convenience to holders of the above bonds, interest coupons maturing October 1, 1944 may be presented at our Chicago or New York offices where immediate payment will be made.

HALSEY, STUART & CO. INC.

CHICAGO 90, *123 So. La Salle Street* • NEW YORK 5, *35 Wall Street*

AND OTHER PRINCIPAL CITIES

Maintaining Stability In The Post-War Period

(Continued from page 1035)

there is the question in everybody's mind: How will 11 million soldiers and sailors fit back into our economy?

It would be impossible for anyone to take part in these many conversations without beginning to develop some ideas of his own. During the last year or so I have frequently been asked to express them.

I have hesitated to do so, because, after all, I am neither a politician nor a permanent Government servant. I entered Government service in December, 1941, to do a wartime job. Until that time I had concentrated a major part of my energy in running the business which I started in 1929. Economics and political science, on a strictly amateur basis, were only a side line. My present job as Price Administrator gives me plenty to do without venturing into difficult outside fields in which I do not pretend to be an expert.

However, when I was again asked to give my views here in Seattle, I agreed with humility to do so—with a warning that I am offering only my ideas as an individual, trying, like everyone else, to see clearly through the maze of problems which lie ahead.

All right, then, where do we go from here? What lies ahead of us when the war is over?

That's not an easy question to answer. No one can say **just** what lies ahead. But there is one thing that is clear to all of us. **We can't go back.**

What is there that we would want to go back to? Certainly not the wild stock market era of the 1920's and its inevitable aftermath. Certainly not to the paralyzing depression of the early '30's, and not even to the partial recovery of the later 1930's—heartening though it was at the time.

Let me sketch for you just what it would mean economically to go back where we were even in 1940. According to a recent publication of the U. S. Department of Commerce, if, in 1946, we no more than match our 1940 production levels, that will mean a cut of more than 30% below our present level of production. Taking account of technological advance since 1940—and of the increase in output per man-hour—production at this level would result in the shocking figure of 20 million unemployed—an increase of 12 million over the actual unemployment of 1940—assuming the same hours of labor as in 1940.

It is clear that our country as a whole—our farmers, business men, our industrial workers—would never accept such a situation—particularly after our amazing production record in the war period. And even if we here at home were spineless enough to accept that sort of an economy, we can be sure that our returning soldiers and sailors would be quick to tell us that they have not been fighting this war just for a chance to sell apples.

Let me say again, we can't go back. We must go forward. What, then, lies ahead?

In my opinion, there is only one answer to that question which the American people will accept—**full production** in our factories, **full production** on our farms.

What actually does full production mean? It means simply that we use our manpower and our resources in time of peace as fully as we are using them in prosecuting this war to a vigorous and victorious conclusion. At present levels of farm and factory prices and at present wage levels, this means a national income of 150 billion dollars—150 billions of purchasing power and 150 billions of goods and services to spend it on.

According to the same study by the Department of Commerce, full production and a national purchasing power of 150 billion dollars means statistically 60% more food than we consumed in 1940, 72% more clothing, 68% more refrigerators and other electrical equipment, 105% more household furniture, 130% more new farm machinery, and three times the number of new home building.

That would be a wonderful kind of America to look forward to. An economy like that would provide prosperity, opportunity and security for all of us. There can be no argument about the goal. And I don't think there can be much argument about our capacity to achieve it. Our wartime production record is too vivid.

The question is, what steps must we take to reach it? With the repeated warnings that my views are my own, and only my own, let me offer an economic program which, in my opinion, would be likely to do the job.

The **first point** in this program involves the price levels for which the OPA is responsible. In my opinion we must, during the reconversion and immediate post-war period, continue to maintain stabilization of prices, avoiding inflation on the one hand, and the disastrous effects of deflation on the other. A stable, full-employment economy cannot be built on unstable prices and costs. To insure stable prices and costs is not going to be easy. Witness our experience during and after the last war.

During the last war wholesale prices, industrial prices, and the over-all cost of living more than doubled.

This resulted in the addition of 14 billions of extra dollars to the actual cost of the war. It imposed untold suffering on many of our citizens whose incomes failed to keep pace with skyrocketing prices. It produced chaotic market conditions and—note this well—production increased only 25%. No business man could hope to know how he was going to come out in the race between his prices and his costs.

In this war the story has been vastly different. Industrial production has increased by 119%. It is this staggering increase of production that lies behind what is happening today on the Eastern front, on the Western front and in the Pacific. Today, in spite of vastly greater inflationary pressures than in the last war, industrial prices are less than 3% above the levels of May, 1942, when price control became general. Prior to this time industrial prices had risen 20% since the German invasion of Poland. While to management and labor must go the greatest share of credit for this, I think the fact that they have known what prices, costs and wages were going to be played a significant part in their success. Steel and copper are still selling at 1941 prices. Aluminum, in the production of which Bonneville power has played so important a role during the war, is actually a trifle lower. Coke and industrial chemicals are virtually unchanged.

This stable level of industrial prices has resulted in enormous savings to the taxpayers as far as war costs are concerned. Your guess is as good as mine as to how much extra our battleships, machine guns, and other war equipment would be costing us today if the prices of these basic materials had not been kept under strict control.

Since the spring of 1942, the rise in the cost of living of the average middle-income family has been only about 7½%—a fraction of the rise during World War I. During the last 16 months the rise has been practically negligible. Rents have been stabilized at the levels of 1942, food is actually 3 to 4% cheaper at retail than a year or so ago.

Clothing, to be sure, has gone up, and there has been quality deterioration, too. But in general the cost-of-living line has been held to a degree that we never dreamed possible in the early stages of the war.

The record has, in my opinion, been due to these four basic reasons:

First, the tremendous output (and all-out production) of our farms and our industrial plants, which have provided goods in reasonable supply for all of us as consumers.

Second, the inherent honesty of the American people which has kept them for the most part from patronizing the black markets.

Third, the traditional desire of all of us whenever possible to save our money. The $100 billion in war bonds and other savings would have blown us out of the water long ago if it had been used to bid up prices.

Fourth, the work of the price control agencies, which I can assure you has not been an easy task. We have had to carry a big responsibility in a strange new field in which none of us had any experience or training. And we were subject to tremendous pressures—some thoughtless, and some selfish and vicious in the extreme. Very frankly, we could never have withstood these pressures and come through with the stable price levels that we have today without the backing and support of all the groups which go to make up our country.

So far we have kept our price level relatively stable. But we must never forget that nearly half the increase in World War I prices took place **after** the Armistice. Controls then were quickly dropped, and there was a wild scramble for goods both for personal use and to build up business inventories. Our returning soldiers and sailors were greeted with booming rents and skyrocketing prices for food and clothing.

In 1920 the inflationary bubble broke. Factory payrolls dropped 44% in a little more than a year. Farm income dropped 61% from 1919 to 1921. Corporation profits tumbled from $6½ million in 1919 to a loss of $55 million in 1921 and the business reserves which had been accumulated during the war period were wiped out by inventory losses.

Today we have all the makings for an inflation and eventual collapse on a far greater scale than anything we knew in 1918. Inflationary pressures are vastly greater. The whole tempo of our economy is stepped up to a far higher and potentially more dangerous level. We will need an intelligent governmental program and the close cooperation of our farmers, business men and workers if we are to steer our way through the twin dangers of inflation on one hand, and deflation on the other.

The first requirement in our program for full production, then, must be governmental policies which will keep our price levels relatively stable.

The second point should, it seems to me, be the passage of tax laws for the reconversion and post-war period which will encourage the investment of risk capital and which will discourage the hoarding of savings by either corporations or individuals. I certainly can't qualify as a tax expert, but it seems clear to me that business must be given an incentive to risk its capital in a **productive enterprise.** And it seems equally clear that we can't let corporation income accumulate in stagnant pools. We need to provide incentives for business to take risks. Corporate hoarding tends to slow down our economy and destroy opportunities for employment. This is a field in which I assume Congress will take action during the coming year. Upon such action will depend in great part the levels of national income and of production and employment.

Third, we must encourage competitive free enterprise in every possible way. And when I say free enterprise, I mean just that. I mean freedom to compete, not freedom to suppress competition. Every possible effort must be made to combat monopolies either direct or indirect. Beyond this, every effort should be made to encourage business men to price their goods at the lowest possible levels and to depend for their over-all profit on full production with a small profit per item. Most business men will approve of that idea in theory. But I know many who have failed to practice it.

Fourth, we must give particular encouragement to small business, for it is small business which is the heart of competition. Credit facilities and perhaps research facilities should be made available by the Government in order to encourage small firms to get started and to help struggling firms stay on their feet.

Our peacetime economy, as I see it, must be squarely based on free enterprise and competition with a minimum of Government interference. That does not mean, however, that the Government has no major role. As I see it, the role is more important than ever before. It is the role of backing up our traditional system of free enterprise, and guaranteeing at all times the conditions under which that system, which is the bulwark of our economic and social democracy, may function vigorously.

Fifth, we must take all necessary steps to insure a high level of farm income. In 1940, 80% of our farmers were without plumbing facilities of any kind. 72% of our farmers lacked electricity. Half of our farm buildings were in bad states of repair. The 30 million people living on our farms, representing 23% of our population, were receiving only 8% of our national income.

Our farmers were indeed the "forgotten element" of our economy. Their families were deprived of many of the marvelous creations of modern science which had long since become an accepted part of the lives of those of us who lived in the cities and larger towns. If our farmers remain prosperous after the war, they will provide huge markets for manufactured goods, for building materials, electrical equipment, household furnishings and machinery. Without these markets on the farm, we can't provide full employment in the factory.

In the past our farmers have suffered in periods of drought and short crops. Some times they have suffered equally when heavy production drove prices below the already too low levels.

Basic farm prices after the war must, in my opinion, be maintained at profitable levels. If we succeed in getting full production in our factories the city demand for farm products will support these prices. The Government must at all times be prepared, through its support programs, to prevent any decline, even temporary, from profitable levels.

Beyond this we must encourage the development of the family-sized farm and the use of greatly enlarged freezer and cooler space to provide a steady flow of farm products throughout the year.

Our farmers want to produce to the limit. They have proven during the war that they know how to produce on a scale which will lift up our health and nutritional levels to new heights. It is only through full production on the farm that all of us can be supplied with the food products which the high post-war purchasing power will allow us to buy. Never again, in my opinion, can we allow our farmers to slip back into the economic difficulties and insecurity which have plagued them in the past.

Sixth, we must increase and broaden our social security benefits for older people and for people who are unemployed. This the nation is well able to do. And this, I think, the nation must do if it is to maintain full production. Ours is a mass production economy which can function only on the basis of mass consumption. If any large fraction of our population remain ill-clothed, ill-fed and ill-housed, a similarly large fraction of our population will remain unemployed.

Seventh, we must encourage in every way a vigorous program of housing and slum clearance. In 1940 a study revealed that more than one-third of the homes in this country were in need of either replacement or substantial repairs. With few exceptions, our major cities still have their slum areas which breed disease, crime and misery. It seems to me we ought to establish a 10-year program to eliminate those slums. The Government should establish annual construction goals, undertaking by one means or another, but always through private enterprise and private construction as far as the need can be met, to assure that these goals are met. A healthy construction industry must play a large part in any full-employment economy.

Eighth, we must, in my opinion, develop a major works program covering reforestation projects, flood control, irrigation projects, great highways, medical centers, hospitals, schools and recreational facilities. This part of our post-war program should be conceived on a bold and imaginative scale, if we are to increase our level of national productivity and to take full advantage of our national resources.

Many of the projects should be kept in blueprint form with the actual construction postponed until periods when unemployment threatens and private investment slows down. This public works program should be worked out in close cooperation with States and municipalities.

Ninth, we must encourage exports to the maximum possible extent. During the past decade we have made long strides toward freeing ourselves from our high tariff tradition. This must be continued. In the years ahead, freedom from artifical trade restrictions will be more important.

After the war, the American industrial machine alone will be in good repair. All over the world there will be a great need for our goods. Machine tools, and machinery for construction products which has served us so well in time of war, will be in particular and immediate demand in Europe, Africa and Asia.

This vastly increased export trade will require the extension of loans for at least a period of time. The World Bank, a tentative blueprint which has just been completed, and the Export-Import Bank will play an important role in meeting those financing needs. Obviously we cannot go on exporting indefinitely without taking goods in return. The materials and products we can use from abroad are virtually countless and some are essential in the highest degree. In this connection we should remember that there are 26 strategic materials, all essential to the fighting of modern war, which are lacking to a greater or lesser extent within the boundaries of the United States.

The government might consider a program of stock piling such materials to serve as a guarantee that no future war can cut us off from vital supplies. In return for our shipments of American industrial products, for example, we could take platinum from Russia, tungsten from China, tin from South America, and other prod-

Truman Urges Unemployment Pay For Displaced War Workers

(Continued from page 1036)

steps to protect working people from permanent loss of jobs in the change-over from war to peace, as to which he said:

"During the change-over period the wheels of many of our industries must stop turning, now in this plant, now in that, long enough to allow for retooling and for all the paper work and other time-consuming chores that must be done to get out of war production and resume the manufacture of peacetime products .

"The first step, then, is to insure this flow of purchasing power at the source: That is, to provide unemployment insurance for our displaced war workers.

"That is why I favored legislation to provide a minimum income to those unfortunate enough to become unemployed during this difficult period of transition. It seemed to me good business.

"The purpose was to insure the unemployed war worker's income and purchasing power, within reasonable limits, to carry it over while our industrial machine stood at dead center, to maintain this momentum of markets until we hit our stride as a nation at peace."

The Senator further indicated that he "will work for worthwhile legislation to give labor the kind of unemployment insurance that means something." He, likewise, stated that "for the sake of our people, we shall return to the 40-hour work week and increase basic wages in terms of actual purchasing power—that is, we will enable labor to buy and use an ever-increasing amount of the good things of life."

In his cautioning to labor he said: "Above all else you must turn in an honest day's work every you are on the job, for it is only through production that you create goods that can be distributed among yourselves, homes that you will be proud to live in and a standard of living that will assure health and prosperity for your families."

The address of Senator Truman before the A. F. of L. group, as contained in United Press advices from Detroit, and given in the New York "Times" follows:

"For many years the first Monday in September has been set aside and dedicated to labor. This is altogether fitting, for modern civilization was created and can continue to exist only because we have learned to work together for our mutual advantage.

"The United States has been fortunate to possess a vast wealth of natural resources. But, without labor, those resources would have been sterile and unproductive. Through labor they have been made the foundation for the greatest civilization and the highest standard of living ever enjoyed by any nation in the world's history.

"This is an election year, and labor, like all other groups in our country, is entitled to know what kind of treatment it may expect to receive from the hands of those who seek high office.

"No candidate is ever foolish enough to declare himself to be an enemy of labor. Everyone in politics talks of and sometimes shouts his friendship for labor. Even those who act against you, assure you that whatever they do is for your own good.

"You all know that the greatest advances ever made in the history of labor have been made under the administration of the greatest friend labor ever had—Franklin D. Roosevelt, President of the United States.

"Through experience, sometimes bitter experience, labor has learned to judge a candidate or a party by accomplished fact rather than by talk and campaign speeches.

"You know what you want, and you have learned that you seldom get it by voting for those who promise much but who have no record of ever doing anything for labor.

"What you want today, what all American labor wants, is peacetime security, steady work, the knowledge that you will have a job after this war is over.

"You want a job, at that time, that does not depend on war, and if you do not hold such a job now, you want to get into one as soon after the war is over as possible.

"When you are in such a job, you want decent working hours and a fair wage—fair in relation to hours worked and skill required, and also fair in relation to the costs that you must pay for a decent living for yourselves and your families.

"You are not at all sure that you will get what you want. You know there are going to be difficulties that must be straightened out, and you do not believe that campaign promises alone will do it. This question has been on the mind of every working man in this country, for many months past.

"You know, and your fellow-workers know, that this country will face a tremendous task of readjustment, of fitting itself into a new world of peace out of an old world at war.

"You are aware that there are big changes to be made, big problems to be overcome, and you know that there is no way to evade or bypass these hazards. There is no basic formula, no wizard's wand that we Americans, or any other people, can wave over swords to turn them into plowshares.

"But you also know that an America which could not be defeated in war need not be defeated in peace.

"Your country can get over these barriers of reconversion to peacetime work, just as it was able to convert peacetime industry to war production. We can travel the road away from war, and we can accomplish this without falling into the old spiral of depression for business and unemployment for labor.

"You should be—and I think most of you are—confident that, given the right kind of leadership, America can win her way forward to prosperity and full employment for all.

"You are not so sure that we could do it with the wrong kind of leadership. And most of you are quite certain that we could not do it at all with the sort of leadership we had from 1920 to 1932—and that is what you must expect from the opposition.

"In this change-over from war to peace, what are the steps that ought to be taken to protect working people from permanent loss of their jobs? What should we do to prevent even a temporary but prolonged and damaging loss of their earning power?

"Certainly, if we are to avoid starting down that ruinous spiral that narrows the public purchasing power and then restricts, in turn, the nation's markets, one of the first things we must do is to prevent complete stoppage of the wage earner's income. We must do this now.

"During the change-over period the wheels of many of our industries must stop turning, now in this plant, now in that, long enough to allow for retooling and for all the paper work and other time-consuming chores that must be done to get out of war production and resume the manufacture of peacetme products.

"It is at this stage that, unless we do something about it, many of our war workers will be without income. Yet it is precisely at this critical time, while the wheels are stopped, that purely from a standpoint of good business, our nation cannot afford to cut off the lifeblood of its markets—that is, the purchasing power of its people.

"The first step, then, is to insure this flow of purchasing power at the source: That is, to provide unemployment insurance for our displaced war workers.

"That is why I favored legislation to provide a minimum income to those unfortunate enough to become unemployed during this difficult period of transition. It seemed to me good business.

"The purpose was to insure the unemployed war worker's income and purchasing power, within reasonable limits, to carry it over while our industrial machine stood at dead center, to maintain this momentum of markets until we hit our stride as a nation at peace.

"There have been many misleading statements about this legislation. The opposition has shouted that it would bankrupt the nation, that it would destroy the moral fiber of the workmen, that it would encourage sloth and indolence and that it would violate States' rights.

"Do you believe this? Do you want that kind of government? Or do you feel that you are entitled to something better—something more determined and more courageous?

"It is fair for you to ask, in turn, what the expectations of the Democratic party are, and what we intend to do about maintaining post-war employment.

"As was stated recently by Senator Robert F. Wagner, whose word should and does carry a great deal of weight in all labor circles: 'On this issue we have neither won nor lost—we have just begun to fight.'

"I entirely agree with Senator Wagner and will work for worthwhile legislation to give labor the kind of unemployment insurance that means something.

"You are entitled to unemployment insurance. But, just as accident insurance is a poor substitute for a strong right arm, so unemployment insurance is but a temporary palliative unless peacetime jobs can be created and you are put back to work.

"You want to work and produce and be able to say to your neighbors: 'I pull my own weight. I earn my own bread, and I support my own family.'

"We of the Democratic party are not resigned to the prospect of huge unemployment after the war. If this country can utilize all of its manpower to make engines of destruction with which to overwhelm our enemies, surely we can use that same manpower to improve our cities, build highways, erect decent homes and provide every workingman with more of the good things of life.

"Surely, we can create a great foreign commerce advantageous to ourselves and all the nations of the world.

"We have proved our ability to produce in wartime. Now let us prove a similar ability to produce in peacetime, so that all of us can enjoy the benefits of that production. Let us create a desire in the rest of the world to produce and equal our present high standards of living.

"If we can do this, we can raise our own standards ever higher and bring to American industry and labor the greatest era of prosperity in our history.

"We have built the plants and facilities with which all of this can be accomplished. Now let us see to it that they are operated.

"This will not be easy, for there are those who fear the competition of these new plants, and will cry out that it is unfair for them to have to compete with them. If they have their way, these new plants will be shut down. Many of them will be sold by the Government—for a pittance. And they will then be junked.

"That is what happened to many such plants, particularly through the West, after World War I. It was not business trends that demanded such shutdowns. It was business—big business itself—entrenched and influential, and de-

(Continued on page 1054)

---

ucts that America needs in its industry, commerce and daily life.

The future prosperity of many millions of people in this country rests on our willingness to export, and on our ingenuity in developing methods of taking payment on a far broader scale in the coming years than in the years before the war.

Tenth, we must get rid of wartime controls as quickly as possible, but we must remember the lessons of World War I. Under no circumstances can we afford to repeat the follies of 1919-20. The problems of reconversion are difficult in the extreme. They can not be solved by slogans or by simply driving the so-called bureaucrats out of Washington. As far as I can see the major problem is how to keep the loyal public servants there long enough to finish the job. The ones with whom I come in contact are only too anxious to get home.

Eleventh, we must continue—all of us to work closely together, labor, management and farmers. During the last few years we have learned that no group can win a war single-handed. We have produced in great volume since Pearl Harbor because we have worked closely together. We should know that no one group alone can win the fight for a prosperous, full production, peace-time economy.

Labor, management and farmers can exert tremendous group pressure on our government. During the next year or two these three major groups will be joined by a fourth—our returning soldiers and sailors. Unless our productive power is fully unleashed and unless we are running at full productive capacity, these four major groups will soon be fighting among themselves—each for a share of the meager economic pie.

If that occurs we will be facing economic and social disaster. That can well lead to the eventual collapse of our democracy. Prosperous and well paid industrial workers and businessmen with profitable businesses, offer huge markets to our farmers. A prosperous farm economy provides unlimted markets for the products of industry. If we are all well paid and prosperous we will have no difficulty in paying for all the goods which our factories and our farms can produce.

During the last three years our wartime record as a nation has been outstanding—here at home as well as overseas. But there is no questioning the fact that some of the toughest problems that any people ever faced lie just ahead.

The answers are not easy and perhaps you may disagree with those that I have suggested here today. But the right answers can and must be found. The right program can and must be developed. If we have the courage, the imagination and the vigor, we have before us an opportunity for one of the greatest eras in the history of the world. We have done and we are doing an outstanding job of war. We can't afford to fail when it comes time to tackle the peace.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1049)

labor market. It is at this point that Congress could have taken a realistic view. For reasons that need not be gone into here, it saw fit not to do so. That political logrolling and self-interest dominated the scene is quite evident. But leaving politics and long range economic factors aside and taking another look at the market itself, the picture as outlined a few weeks ago hasn't tarnished. If you will recall this column turned bullish when the majority of forecasters saw nothing but gloom ahead. The big reason for the pessimism was the end of the war. An immediate end of hostilities, according to majority reason, would bring about a market debacle. Perhaps the majority will prove right. But from tape action the converse is indicated.

* * *

In any event readers of this column have five stocks in which paper profits range from a fraction to seven points. Current and recent market action indicates that these stocks are headed for still higher prices. That being the case the advice to retain all positions continues in effect.

* * *

Current holdings, purchase prices and stops are as follows:

Allied Mills, bought at 30, stop at 28. Stock now about 33.

Bendix, bought at 38½. Stock now about 46. Raise stop to 41.

Crown Zellerbach, bought at 18, stop 17, now about 19½.

Lockheed, bought at 17, stop 15, now about 18½.

U. S. Steel, bought at 58½, stop 55, is now about 58⅞.

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

LAMBORN & CO.
99 WALL STREET
NEW YORK 5, N. Y.

SUGAR

Exports—Imports—Futures

DIgby 4-2727

Established 1856

H. Hentz & Co.

Members
New York Stock Exchange
New York Curb Exchange
New York Cotton Exchange
Commodity Exchange, Inc
Chicago Board of Trade
New Orleans Cotton Exchange
And other Exchanges

N. Y. Cotton Exchange Bldg
NEW YORK 4, N. Y.

CHICAGO DETROIT PITTSBURGH
GENEVA SWITZERLAND

DIVIDEND NOTICES

AMERICAN LOCOMOTIVE COMPANY

30 Church Street Alco New York 8, N.Y.

PREFERRED DIVIDEND NO. 145
COMMON DIVIDEND NO. 74

Dividends of one dollar seventy five cents ($1.75) per share on the Preferred Stock and of twenty five cents (25¢) per share on the Common Stock of this Company have been declared payable October 1, 1944, to holders of record at the close of business on September 15, 1944.

Transfer books will not be closed. Dividend checks will be mailed by the Bankers Trust Company on September 30, 1944.

August 24, 1944 CARL A. SUNDBERG, *Secretary*

The Chesapeake and Ohio Railway Co.

A dividend for the third quarter of 1944 of seventy-five cents per share on $25 par common stock will be paid October 2, 1944, to stockholders of record at close of business September 8, 1944. Transfer books will not close.

H. F. Lohmeyer, Secretary

J. I. Case Company

Incorporated

Racine, Wis., September 5, 1944.

A dividend of $1.75 per share upon the outstanding Preferred Stock of this Company, and a dividend of 75c per share upon the outstanding Common Stock of this Company have been declared payable October 1, 1944, to holders of record at the close of business September 12, 1944.

THEO. JOHNSON, Secretary.

DU PONT E. I. DU PONT DE NEMOURS & COMPANY

WILMINGTON, DELAWARE: *August 21, 1944*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable October 25, 1944, to stockholders of record at the close of business on October 10, 1944; also $1.25 a share, as the third "interim" dividend for 1944, on the outstanding Common Stock, payable September 14, 1944, to stockholders of record at the close of business on August 28, 1944.

W. F. RASKOB, *Secretary*

MARGAY OIL CORPORATION

DIVIDEND NO. 58

The Board of Directors of the MARGAY OIL CORPORATION has this day declared a dividend of twenty-five cents a share on the outstanding stock of the corporation of the issue of 160,000 shares provided by amendment to the certificate of incorporation of April 27, 1926, payable October 10, 1944, to stockholders of record at the close of business September 20, 1944.

E. D. OLDENBURG, Treasurer.

Tulsa, Oklahoma, September 1, 1944.

CANCO AMERICAN CAN COMPANY

PREFERRED STOCK

On July 25, 1944, a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable October 2, 1944, to Stockholders of record at the close of business September 14, 1944. Transfer Books will remain open. Checks will be mailed.

R. A. BURGER, *Secretary.*

GUARANTY TRUST COMPANY OF NEW YORK

New York, September 6, 1944.

The Board of Directors has declared a quarterly dividend of Three Per Cent. on the Capital Stock of this Company for the quarter ending September 30, 1944, payable on October 2, 1944, to stockholders of record September 13, 1944.

MATTHEW T. MURRAY Jr., Secretary.

DIVIDEND NOTICE
WESTERN TABLET & STATIONERY CORPORATION

Notice is hereby given that a dividend at the rate of $1.00 per share on the issued and outstanding shares without par value of the Common Stock of Western Tablet & Stationery Corporation has been declared payable on September 30, 1944, to the holders of record of such shares at the close of business on September 18, 1944.

E. H. BACH, Treasurer.

Truman Urges Unemployment Pay For Displaced War Workers

(Continued from page 1053)

termined to strangle all new competition.

"When monopoly demanded the privilege of junking those plants of World War I—and let me assure you that for monopolistic purposes this was a very special privilege—a Republican administration knuckled under. It granted monopoly that privilege and many potential post-war industries that could have contributed much to the last generation died aborning.

"Already, while we are yet to bring final defeat to our enemies of World War II, the same old group is putting on the same pressure to protect their vested interests and the party that has always knuckled under to monopoly, the Republican party, is seeking America for a chance to control our affairs.

"Your Government, as it is presently being administered, is determined that this shall not happen again. We are going to rule out the special privilege to destroy. Under Democratic post-war administration there is going to be no field day for economic wreckers.

"If this be undue restraint on free enterprise, if this be dictatorship, if this be bureaucracy, if this be all the assorted varieties of doom that the opposition spokesmen have been pronouncing upon our country, we of the Democratic party ask the people of America—not the economic wreckers of America—to make their choice.

"With these new plants added to those we had before the war, we can produce a wealth of peacetime goods beyond anything we ever dreamed of. But, the Doubting Thomases say this will flood the markets and exceed our purchasing power.

"That will be true only if we foolishly block labor from consuming what it produces. What labor produces it should be able to purchase and enjoy. This is the machine age, and one man-hour of labor produces far more than it ever has before in the history of mankind. Labor must obtain benefit from that increased productivity.

"In any society which puts property first and humanity second, this fact is a major tragedy. If a nation is to be run for profit first and people second, this fact of ever higher productivity means certain ruin, ruin for labor and ruin for business.

"But now reverse the order of importance, put human welfare first and profits second, and this same productivity which science has given us becomes the most wonderful phenomenon of our times. It then comes to mean prosperity for business, security for labor, and a better way of life for all.

"When people come before profit, the discoveries of science accomplish two things: They enable us to give ourselves more of the good things of life, and they reduce the human energy required and the hours of human labor that are necessary to create these things.

"In short, as our machines produce more, our own labors are lightened.

"That is what we face now. We shall not, for the sake of price and profit, restrict our output of the good things of life.

Rather, for the sake of our people, we shall return to the 40-hour work week and increase basic wages in terms of actual purchasing power—that is, we will enable labor to buy and use an ever increasing amount of the good things of life.

"The opposition have assured you that they will try to prevail on industry to keep you safe in your job. For the rest, you will have to take them on faith. And if it doesn't work, if your faith is not rewarded, well, then your unemployment becomes your own problem. Government can't handle it.

"To labor, to the workers who lost their jobs in 1930 and 1931 and 1932, this appeal to faith alone is not new. Those workers of the early Thirties had a big taste of it. They remember that that kind of political cheesecake was not very nourishing.

"Today American labor wants a Government that can do something, if need be a Government that will do much.

"The future of labor can be very bright if full regard is given to labor's rights. I have fought for those rights and, come what may, I am going to continue to fight for those rights.

"But now a word of warning from a friend. Labor has duties as well as rights.

"Labor comprises millions of workers, and, just as bankers have their embezzlers and lawyers have their shysters, labor has among it those who are unwilling to pull their own weight. Your enemies are numerous and powerful and ever ready to magnify labor disturbances and to distort and misrepresent their causes.

"As Chairman of the Truman Senate Committee I checked into many labor disturbances, and on the whole I found that labor has a truly magnificent record, one of which you can all be proud.

"There have been unfounded strikes and troubles, and each of them has been emblazoned in the press with screaming headlines. They have been news, but the tremendous contribution of labor to the greatest production in history—the day-to-day hard work of each of you—was not news.

"Like Caesar's wife, labor must be above suspicion. You must elect and follow wise leaders of proved integrity. Your contracts must be sacred.

"Above all else you must turn in an honest day's work every day you are on the job, for it is only through production that you create goods that can be distributed among yourselves, homes that you will be proud to live in and a standard of living that will assure health and prosperity for your families.

"You do your job, and the Democratic Administration under Franklin D. Roosevelt will do its job. Your job is to produce; Government's job is to see to it that you get a fair, square deal and the right to enjoy the product of your toil.

"Remember that and re-elect Franklin D. Roosevelt President of the United States."

The "Times" also reported that in the course of a speech to a meeting of the Congress of Industrial Organizations on Labor Day Senator Truman paralleled much of his AFL address but made the following departures from it:

"Labor has made a magnificent contribution to the war effort, and I am sure that it will make similar contributions to the peace effort.

"Compare our military position one year ago with that of today. Then the gigantic progress that has been made stands out so all can see it. Despite much unfair criticism, labor has done what was once considered impossible. By your all-out effort, victory over the forces of evil is fast approaching.

"After the final shot has been fired on the battlefields, we will still continue the difficult struggle for a lasting peace abroad and for steady social progress at home. Both of these worthy objectives are hard to obtain. Only by hard work, fair play and wise leadership can we reach our goal.

"America is again at the crossroads. We must again decide whether we shall help suffering humanity find the hard road to lasting peace, or revert to selfish isolationism, which proved such a tragic experiment in the Harding administration. The American people never again will adopt the foreign policy of Harding, nor the domestic policy of Hoover!

"I am sure that most of you have read the long and contradictory platform of the Republican party, but surely you remember the record of the Republican party in the halls of Congress. Like all honest working people, you are more interested in what your public officials do than in what they say. By past experience you have found that some candidates pretend interest in the working man before election and yet forget all about labor when vital social legislation comes up after the election is over.

"When our vast war industries change over to peacetime production, there will be a difficult period of readjustment, unless we plan ahead wisely and quickly. We surely should be sensible enough to protect our own people from all unnecessary economic hardship. America must not permit unemployment on a large scale when prudent planning can keep labor working and provide purchasing power to maintain a high level of prosperity.

"There will always be those who say that the price of unemployment insurance is too high. But the price in human values of general large-scale unemployment is immeasurably greater. Apart from humane considerations, which surely will prevent us from letting willing workers become demoralized by the slow rot of forced idleness, it is bad business to allow our national purchasing power to drop so low that economic strangulation becomes unavoidable.

"We remember the pessimists who solemly warned us that we could not fight a modern war and still maintain decent labor standards. They claimed that democracy could not compete with the higher efficiency of foreign dictatorships. However, free American labor did much more than compete with the slave labor of the aggressors. It has already forged the weapons to crush our enemies. Most important of all, this was done without surrendering essential individual rights. Our high standard of living was maintained.

"I sincerely believe that we can and will continue to lead the world in peace as in war. However, we shall do this not by force, but rather by good judgment and wise leadership. The entire world is looking to America for guidance to lasting peace and increased prosperity. The two objectives go hand in hand. Peace brings prosperity among nations, and such prosperity would be a firm foundation for continued peace. Our world is becoming so small that we can no longer safely ignore distant wars and misery abroad. Like pestilence and disease, aggression and poverty tend to spread until ultimately they threaten all humanity.

"Today all of us are soldiers in the war against the aggressors. Many are on the fighting fronts, others are on the home front. Each serves to the best of his ability. By sacrifice and devotion to duty, we are approaching a victory which should bring us peace and security, both at home and abroad. By unity and all-out effort we have saved democracy from the greatest threat in history. But peace and security are not to be taken for granted. They are precious things which we must constantly safeguard.

"America must march ahead to other victories over disease, ignorance, intolerance and the countless internal problems which can and should be solved for the benefit of all.

"You are anxious to keep working, and there are thousands of fine plants built for war work that can provide jobs for all of you, if we have the courage and resourcefulness to help industry put them to work on peacetime goods."

The Business Man's Bookshelf

Air Conditioning Industry, Survey of the—J. S. Bache & Co., 36 Wall St., New York City—paper.

Educational Tests for New York Stock Exchange Member Firm Employees, 4th Edition — New York Institute of Finance, 20 Broad St., New York City—paper —$1.00 per copy (75¢ per copy on orders for 20 or more).

Industrial Life Insurance In The United States—Malvin E. Davis—McGraw-Hill Company, 330 West 42nd St., New York City—cloth—$2.75.

Northwest In Two Wars—Paul W. McCracken, Federal Reserve Bank of Minneapolis—paper.

Situations Of Interest

F. H. Koller & Co., Inc., 111 Broadway, New York City, have prepared a memoranda on Great American Industries, Laclede Christy Clay Products and Indiana Limestone which the firm believes appear attractive at current levels. Copies of these interesting circulars may be had upon request from F. H. Koller & Co.

Interesting Situation

Western Union Telegraph Company Debenture 4s of 1981 (when, as and if issued) offer interesting possibilities according to a summary of the situation prepared by Ernst & Co., 120 Broadway, New York City, members of the New York Stock Exchange and other leading exchanges. Copies of this summary may be had from the firm upon request.

Calendar Of New Security Flotations

OFFERINGS

THE EDWARD G. BUDD MANUFACTURING CO. has filed a registration statement for 95,868 shares (no par) $5 cumulative prior preferred stock of which 60,000 shares are to be publicly offered and 35,868 are to be continued to be offered to holders of 7% cumulative preferred stock for exchange and the basis of 2 shares of $5 cumulative prior preferred for each one share of 7% cumulative preferred. Proceeds will be used to redeem that portion of the 7% preferred stock not converted to $5 cumulative prior preferred at 107.71 or $110 plus accrued dividends from Nov. 1, 1930. If there is no further exchange of 7% preferred the cost of redemption of 17,934 shares of such stock will be $3,725,071. Proceeds in excess of amount required to redeem 7% stock will be used for working capital. Filed Aug. 12, 1944. Details in "Chronicle," Aug. 24, 1944. Offering—60,000 shares of $5 cumulative prior pref. stock offered Sept. 6 by Ladenburg, Thalmann & Co., White, Weld & Co., Lazard Freres & Co. and associate.

ARMOUR & CO. has filed a registration statement for $65,000,000 first mortgage, 3¼%, sinking fund bonds, series E, due Sept. 1, 1964. Proceeds will be used together with $10,000,000 bank loans and general funds of company to retire outstanding $76,365,000 series B, series C and series D bonds at 105 and interest. Kuhn, Loeb & Co. are named principal underwriters. Filed Aug. 18, 1944. Details in "Chronicle," Aug. 24, 1944.

Offered Sept. 7, 1944, by Kuhn, Loeb & Co. and Associates at 102¼, to yield about 3.10% to maturity.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

SUNDAY, SEPT. 10

GULF STATES UTILITIES CO. has filed a registration statement for 120,000 shares of $4.60 dividend preferred stock. Stock is to be offered in exchange for old $6 dividend preferred stock and old $5.50 dividend preferred stock plus an amount of cash (to be named by amendment) and accrued dividends. Net proceeds from sale of any new preferred not exchanged and from sale of 20,006 additional shares to be used (1) to provide cash required for exchange offer; (2) to retire $1,000,000 in bank loans; (3) for other corporate purposes. Preferred not taken in exchange offer to be sold at competitive bidding. Filed Aug. 22, 1944. Details in "Chronicle," Aug. 31, 1944.

MONDAY, SEPT. 11

PILLSBURY MILLS, INC., has filed a registration statement for 75,000 shares of cumulative preferred stock (no par). Proceeds will be used to redeem $4,475,000 first mortgage bonds, 3%, due Oct. 1, 1953, balance for working capital. Goldman, Sachs & Co., Piper, Jaffray & Hopwood are principal underwriters. Filed Aug. 23, 1944. Details in "Chronicle," Aug. 31, 1944.

TUESDAY, SEPT. 12

TEXTRON, INC., has filed a registration statement for $2,000,000, 15-year, 5%, convertible debentures. Debentures will carry detachable stock purchase warrants entitling bearer to purchase 40 shares of common stock for each $1,000 debentures at $12.50 to Oct. 1, 1945, $15 to Oct. 1, 1946 and $17.50 to Oct. 1, 1947. Debentures will be convertible into common stock on basis of 50 shares of common for each $1,000 debenture of the proceeds $1,500,000 will be used to purchase U. S. Government tax anticipation notes making general funds of company available for expansion of consumer products business and other corporate needs. In event stock purchase warrants are exercised, proceeds will also be placed in company's general funds. Blair & Co., Inc. and Maxwell, Marshall & Co. are named underwriters. Filed Aug. 24, 1944. Details in "Chronicle," Aug. 31, 1944.

CONNECTICUT LIGHT AND POWER CO. has filed a registration statement for $10,000,000, first and refunding mortgage, 3%, bonds series I, due 1974. Proceeds will be used to reimburse treasury for redemption on Sept. 1, 1944, at 106 of $7,000,000 first and refunding mortgage, 3½% bonds, series F, due 1966, and for purchase at 125 of an unspecified principal amount of the company's first and refunding 7% bonds series A, due 1951. Putnam & Co. and Chas. W. Scranton & Co. are named underwriters. Filed Aug. 24, 1944. Details in "Chronicle," Aug. 31, 1944.

THURSDAY, SEPT. 14

OHIO EDISON CO. has filed a registration statement for $30,962,000 first mortgage bonds, series of 1944, due 1974 and 180,000 shares of cumulative preferred stock (par $100).

Address—47 North Main Street, Akron 8, Ohio.

Business—Electric company.

Underwriters—None named; to be sold at competitive bidding.

Offering — Interest, dividend rate and offering price will be supplied by amendment.

Proceeds—The proceeds together with $10,000,000 in bank loans, and $17,000,000 of treasury funds will be used to retire $43,962,000 4% series of 1935 first mortgage bonds due 1965 at 103¾%; $8,484,000 4% series of 1937 first mortgage bonds due 1967 at 106%; 197,585 shares of $6 series preferred stock at $110, and 1,367 shares of $5 preferred stock at $105.

Registration Statement No. 2-5462. Form S-1. (8-26-44).

WEDNESDAY, SEPT. 20

CONTINENTAL BAKING CO.—Pension Fund of Continental Baking Co. and subsidiaries, a trust, has filed a registration statement for contributing participations in employees pension plan aggregating $1,000,000 (initial amount of participations being registered).

Address—630 Fifth Avenue, New York City.

Business—Pension plan.

Offering—The effective date of the plan will be Jan. 1, 1944, with the plan expected to be declared operative after the registration statement becomes effective.

Purpose—Participants in the plan will be entitled to certain benefits thereunder, subject to the terms, conditions and limitations of the plan and of the agreement.

Registration Statement No. 2-5464. Form C-1. (9-1-44).

THURSDAY, SEPT. 21

ARKANSAS POWER & LIGHT CO. has filed a registration statement for $30,000,000 first mortgage bonds series due 1974. Interest rate will be filed by amendment.

Address — Simmons National Building, Pine Bluff, Ark.

Business—Public utility.

Underwriting—The bonds will be offered for sale at competitive bidding pursuant to the Commision's rule U-50. Names of underwriters will be filed by amendment.

Offering—Price to the public will be filed by amendment.

Proceeds—Proceeds from the sale of the bonds, with cash from general funds of the company, if necessary, will be used to redeem company's first and refunding mortgage gold bonds as follows: $30,800,000 5s series due 1956 at 102¾; $276,000 of 2.88% series due 1956 at 100, and $185,000 of 2.73% series due 1959 at 100. The total required, exclusive of accrued interest, is $32,108,000.

Registration Statement No. 2-5465. Form S-1. (9-2-44).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ALVA PUBLIC TERMINAL ELEVATOR CO. has filed a registration statement for $250,000 10-year 6% subordinated sinking fund note. Proceeds will be used for the purchase of the real estate and the construction of a one million bushel elevator, with a three million bushel head house. No underwriter named. Filed Aug. 8, 1944. Details in "Chronicle," Aug. 17, 1944.

ATHEY TRUSS WHEEL CO. has filed a registration statement for 71,590 shares of common stock (par $4). The shares are issued and outstanding and do not represent new financing by the company. 12,500 shares may be reoffered at private sale at $6 per share and 26,323 shares are to be offered to public at price to be filed by amendment. Brailsford & Co., and C. O. Kalman, Paul R. Doels and Edwin White are considered to be principal underwriters. Filed July 27, 1944. Details in "Chronicle," Aug. 3, 1944.

BIRMINGHAM ELECTRIC CO. has filed a registration statement for $10,000,000 first mortgage bonds, series due 1974. Interest rate will be supplied by post-effective amendment. Price to the public will be filed by post-effective amendment. Company is a subsidiary of National Power & Light Co. which is the sole owner of the 545,610 shares of its outstanding common stock. The net proceeds, together with such additional cash from its general funds as may be required, will be used for the redemption, at 101 and accrued interest, of all of the company's first and refunding mortgage gold bonds, 4½% series due 1968, outstanding in the principal amount of $10,000,000. The bonds will be offered by the company for competitive sale pursuant to the Commission's competitive bidding Rule U-50. The names of the underwriters will be filed by post-effective amendment. Filed July 22, 1944. Details in "Chronicle," July 27, 1944.

BROOKLYN UNION GAS CO. June 29, 1941 filed a registration statement for $12,000,000 25-year sinking fund debentures due Aug. 1, 1969. Company planned to refinance its entire outstanding debt by the issuance and sale to the public of $12,000,000 debentures and the concurrent issuance and private sale of $30,000,000 general mortgage sinking fund bonds, 3¾% series, due Aug. 1, 1969.

C. E. Paige, President of the company, announced Aug. 3, 1944 that company had entered into a firm agreement with Halsey, Stuart & Co., Inc., for the sale of the proposed $30,000,000 of mortgage bonds and $12,000,000 of debentures. Halsey, Stuart & Co., Inc., has agreed to pay not less than 100 for the bonds as 3½s and not less than 100 for the debentures as 4s, providing the company will submit both issues to competitive bidding.

The New York State Public Service Commission previously had denied the company permission to sell the $30,000,000 of bonds privately to insurance companies and declared that both the bonds and debentures should be thrown open to competitive bidding.

In amendment filed with SEC Aug. 10 company proposes the issuance of $30,000,000 general mortgage sinking fund bonds due 1969 and $12,000,000 25-year sinking fund debentures due 1969. Both issues will be offered for sale by the company pursuant to Commission's competitive bidding rule U-50 and names of underwriters and interest rates will be filed by post effective amendment.

EMPIRE DISTRICT ELECTRIC CO. has filed a registration statement for $10,600,000 first mortgage bonds, 3½% series due 1969, and 350,000 shares of common stock (par $10). The shares of stock are issued and outstanding and are being offered for the account of Cities Service Power & Light Co. The net proceeds to be received by Empire District from the sale of the bonds, together with the net proceeds from the sale of 6,500 shares of 5% cumulative preferred stock, par $100, which the company expects to sell contemporaneously with the issue and sale of the bonds are to be applied to the redemption at 101¾ of $10,044,900 first mortgage and refunding bonds, 5% series, due March 1, 1952, and to the redemption at 105 of $851,200 of Ozark Power & Light Co. first mortgage sinking fund 5% bonds due March 1, 1952, assumed by Empire. Empire District Electric Co. which is controlled by Cities Service Power & Light Co. proposes to acquire by merger the properties of Ozark Utilities Co., Lawrence County Water, Light & Cold Storage Co. and Benton County Utilities Corp. In conjunction with this merger Cities Service Power & Light Co. is surrendering all the securities of the constituent companies owned by it in exchange for an aggregate of 350,000 shares of common stock, $10 par, of the Empire District Electric Co. Both the bonds and stock will be offered for competitive bidding under the Commission's competitive bidding rule U-50. Names of the underwriters will be filed by amendment. Filed July 1, 1944, Details in "Chronicle," July 6, 1944.

Sealed written bids for the purchase of $10,600,000 1st mortgage bonds 3½% series are being invited by the company on or before 12:00 noon EWT, Sept. 12, at office of Cities Service Power & Light Co., 1 Exchange Place, Jersey City, N. J.

Cities Service Power & Light Co. is inviting sealed bids for the purchase from it of 350,000 common shares of Empire District Electric Co. Bids must be submitted on or before 12:00 noon EWT, Sept. 12 at office of Cities Service, 1 Exchange Place, Jersey City, N. J.

EQUIPMENT FINANCE CORP. filed a registration statement for 14,000 shares 4% non-cumulative series 2 preferred, par $100. Price to the public $100 per share. Proceeds for acquisition of factory and warehouse buildings and additional trucks. Filed May 19, 1944. Details in "Chronicle," May 25.

EXCESS INSURANCE CO. OF AMERICA has filed a registration statement for 48,981 shares of capital stock (par $5). Shares are to be offered for subscription to present stockholders of record May 31, 1944, on a pro rata basis at $8 per share. Net proceeds will be added to company's capital and surplus funds. Unsubscribed shares will be sold to Lumbermens Mutual Casualty Co. for investment. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

FLORIDA POWER CORP. filed a registration statement for 40,000 shares cumulative preferred stock (par $100). The dividend rate will be supplied by amendment. Net proceds from the sale of the new preferred stock, together with additional funds from the treasury to the extent required, are to be applied as follows: Redemption of 28,762 shares 7% cumulative preferred at $110 per share $3,163,820; redemption of 5,940 shares of 7% cumulative preferred at $52.50 per share $311,850; donation to Georgia Power & Light Co. to be used for redemption of certain of its securities as provided in recap plan of that company $1,400,000; payment to General Gas & Electric Corp. for 4,200 shares of $6 preferred of Georgia Power & Light Co. $75,600, and expenses $80,000, total $5,031,270. Stock is to be offered for sale by the company pursuant to Commission's competitive bidding Rule U-50, and names of underwriters will be filed by post-effective amendment. The succesful bidder will name the dividend rate on the stock Filed July 21, 1944. Details in "Chronicle," July 27, 1944.

GERMANTOWN FIRE INSURANCE CO. has filed a registration statement for 50,000 shares of common stock, $20 par, and voting trust certificates for said stock. Policyholders of Mutual Fire Insurance of Germantown are to have pre-emptive rights to subscribe for the common stock at $20 per share in proportion to the respective premiums paid by them upon insurance policies issued by Mutual. Voting trust certificates representing shares not subscribed will be offered to the general public at the same price. All stockholders will be asked to deposit shares in the voting trust for a period of 10 years. Bioren & Co. are underwriters. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

GRIESEDIECK WESTERN BREWERY CO. has filed a registration statement for 13,506 shares of common stock (no par). The shares are issued and outstanding and do not represent new financing by the company. Price to the public is $33 per share. Edward D. Jones & Co., St. Louis, is named principal underwriter. Filed July 17, 1944. Details in "Chronicle," July 27, 1944.

HAMILTON MANUFACTURING CO. has filed a registration statement for 38,996 shares of preferential participating stock (par $10). Proceeds will be used to redeem and retire on or before Jan. 1, 1945, at 103, plus accrued interest, $300,000 5% first mortgage sinking fund bonds and at 105% of par value, plus accrued dividends, all of outstanding 7% cumulative first preferred stock consisting of 838 shares. Underwriters are Straus Securities Co., Chicago, 19,498 shares and Loewi & Co., Milwaukee, 19,498 shares. Filed Aug. 9, 1944. Details in "Chronicle," Aug. 17, 1944.

HANCHETT MANUFACTURING CO. has filed a registration statement for $450,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1945 to 1964, and 45,000 shares of common stock ($1 par). The shares are reserved for issue upon conversion of $450,000 first mortgage convertible bonds. Underwriter is P. W. Brooks & Co., Inc., New York Proceeds will be applied to the reduction of bank loans. Filed July 20, 1944. Details in "Chronicle," July 27, 1944.

HAYES MANUFACTURING CO. has registered 100,000 shares of common stock $2 par value. Net proceeds will be received by Porter Associates, Inc. The moneys paid to the corporation by Porter Associates, Inc., on account of the purchase of said shares will, in the estimated amount of $187,500, reimburse the corporation in part for the $200,000 expended by it in purchasing such shares. Porter Associates, Inc., underwriters. Details in "Chronicle," May 31. Filed May 25.

INDIANA & MICHIGAN ELECTRIC CO. has filed a registration statement for 120,000 shares of cumulative preferred stock (par $100). Company proposes to make a loan from not more than six New York City banks in the amount of $7,880,000 and use proceeds for purchase for cancellation of 544 shares of old 7% and 35,473 shares of old 6% preferred of Indiana from American Gas & Electric Co. for $3,596,749, and for redemption and cancellation of 38,731 shares of old 7% preferred and 245 shares of old 6% preferred of Indiana now in the hands of the public, at the redemption price of $110 per share plus accrued dividends. The cost of these two transactions is placed at $3,596,749 and $4,287,360, respectively. Proceeds from sale of the new preferred and common stocks are to be applied to the payment of the bank loan. Balance will be included in general corporate funds of Indiana and used to acquire property and for construction purposes. The preferred stock is to be sold subject to the competitive bidding rules of the Commission Names of underwriters will be filed by amendment. The offering price to the public and the dividend rate will be supplied by amendment. Filed July 29, 1944. Details in "Chronicle," Aug. 10, 1944.

Company will receive proposals up to noon Sept. 11 at office of American Gas & Electric Co. for the purchase of 120,000 shares of cumulative preferred stock, the dividend rate to be specified by the bidder.

MIDLAND COOPERATIVE WHOLESALE has filed a registration statement for $250,000 subordinated debenture notes, bearing interest at rate of 4% per annum and maturing in five and ten years from date of issue. Notes are to be sold at their face value, only to members of the issuing corporation and individual members of its corporate stockholders. Proceeds will be used to increase working capital and reduce bank loans. Filed June 12, 1944 Details in "Chronicle." June 22. 1944.

THE MUTUAL TELEPHONE CO., HONOLULU, HAWAII, has filed a registration statement for 100,000 shares ($10 par) capital stock. Stock will be offered to holders of presently outstanding 500,000 shares of capital stock at par on basis of one share for each five held. Any stock not taken by stockholders will be sold at public auction. Proceeds for working capital. Filed Aug. 16, 1944. Details in "Chronicle," Aug. 24, 1944.

THE NARRAGANSETT ELECTRIC CO. has filed a registration statement for $31,500,000, first mortgage bonds, series A, 3%, due 1974. Bonds will be offered at competitive bidding. Proceeds will be applied to redemption of outstanding series A, 3½% first mortgage bonds, due 1966. Filed Aug. 17, 1944. Details in "Chronicle," Aug. 24, 1944.

THE OLD STAR DISTILLING CORP. has filed a registration statement for 5,000 shares of $100 preferred stock, non-cumulative and non-participating. Price to public will be $110 per share; proceeds to company $100. Proceds will be used for construction of distillery, $250,000; working capital, $250,000. No underwriter named. Filed Aug. 14, 1944. Details in "Chronicle," Aug. 24, 1944.

SOLAR MANUFACTURING CORP. has filed a registration statement for 90,000 shares of series "A" convertible preferred stock (par $5). Of the proceeds $575 will be used for additional working capital; $100,000 for mechanization of factory operations; $80,000 for readaptation of plant to peacetime operations. Van Alstyne, Noel & Co. are underwriters. Filed Aug. 15, 1944. Details in "Chronicle," Aug. 24, 1944.

THE UTAH RADIO PRODUCTS CO. has filed a registration statement for $1,175,000, 10-year, 4½% convertible debentures and 146,875 shares ($1 par) common stock for issuance upon conversion of the debentures at any time prior to Sept. 16, 1954 at rate of 12½ shares of common for each $100 in debentures. Underwriters are Cruttenden & Co., $200,000; Bankamerica Company, $200,000; Mackubin, Legg & Co., $200,000; Paine, Webber, Jackson & Curtis, $100,000; A. G. Edwards & Co., $100,000; Dempsey-Detmer & Co., $100,000; The First Trust Company of Lincoln, $100,000; Kneeland & Co., $100,000; First Securities Co. of Chicago, $75,000. Common stockholders of record Aug. 24 are offered right to subscribe to the debentures in ratio of one $100 debenture for each 25 shares of stock at 103 plus interest from Sept. 15, 1944. Unsubscribed debentures will be offered to the public at the same price. Net proceeds, estimated at $1,159,029, are to be used for expansion purposes and as an addition to working capital. Filed Aug. 18, 1944. Details in "Chronicle," Aug. 24, 1944.

VERTIENTES-CAMAGUEY SUGAR CO OF CUBA.—696,702 shares of common stock ($6.50 par), U. S. currency. Of shrs. registered, 443,850 are outstanding and owned by the National City Bank, N. Y. Several underwriters have agreed to purchase $1,663,500 of first mortgage (collateral) 5% convertible bonds of company, due Oct. 1, 1951, owned by National City Bank, N. Y. Underwriters propose to convert these bonds at or prior to closing and the 252,852 shares of common stock which are received by the underwriters on such conversion, together with the 443,850 shrs. previously mentioned, will make up the total stock to be offered. Harriman Ripley & Co., Inc., N. Y., principal underwriter. Filed Mar 29, 1944. Details in "Chronicle," April 6, 1944.

WESTERN UNION TELEGRAPH CO. has filed a registration statement for $24,603,000 convertible debentures and an indeterminate number of shares of class A stock to be available for conversion. Subscription warrants will be issued to present holders of company's class A and class B stock entitling them to purchase $100 principal amount of the new debentures for each 5 shares of class A stock or each 8⅓ shares of class B stock held on a record date to be supplied by amendment. Proceeds plus whatever general funds are necessary will be applied to the redemption on Dec. 1, 1944 of $25,000,000 25-year 5% bonds at 105% plus accrued interest. Names of underwriters and interest rate to be supplied by amendments. Filed Ang. 18, 1944. Details in "Chronicle," Aug. 24, 1944.

Ala. Court Holds Worker Not Obliged To Join Union

The Jefferson County Court of Misdemeanors at Birmingham, Ala., ruled on Sept. 2 that the War Labor Board is without authority to suspend a State law and declared that a worker was not obliged to belong to a union against his will, as provided for in Alabama's labor code under the Bradford Act. Advices to this effect were contained in a special dispatch to the New York "Times" from Birmingahm on Sept. 2, from which we also quote:

"The case went to Judge Grover C. Boner on a warrant sworn out by Clifford Jenkins, a former worker in the Ingalls Iron Works Company, who said he had been forced and intimidated into maintaining his membership in the local branch of the International Association of Bridge Structural and Ornamental Iron Workers by Clem S. Walter, Jr., superintendent of the Ingalls Company.

"Mr. Walter defended himself by saying that he had been directed by competent union officials to suspend Mr. Jenkins for non-payment of union dues, and to tell him (Jenkins) that he would be permanently dismissed at the end of a 30-day period.

"Mr. Walter also said he had been so directed under the terms of a union contract which had expired but had been ordered extended by a directive from the Fourth Regional Office of the War Labor Board at Atlanta.

"State Senator James A. Simpson, who was a member of the Legislature which passed the Bradford Act and represented Mr. Walter in the proceedings, argued that the law was defective in that it failed sufficiently to define the misdemeanor.

"David Satterwhite, Deputy Solicitor, who prosecuted the case, argued that if the WLB had the power to suspend the Bradford Act, it also had the power to suspend Alabama's poll tax laws and laws against murder and robbery if, and when, in the Board's opinion those laws operated against the morale of war workers.

"The defendant was fined $50 by Judge Boner, who said that he was interpreting the law in such a manner as to insure the 'test case' going to higher courts in the State."

Textron Warrants

In an item in the Financial Chronicle of August 31st regarding the expected issue of fifteen year 5% convertible debentures by Textron Incorporated, it was stated that stock warrants permit the purchase of twenty shares of common stock per $1,000 debenture at $12.50 per share until October 1, 1945. This should have read forty shares of common stock per $1,000 debenture.

Teletype
NY 1-371
•
Telephone
HAnover
2-0500

Firm Trading Markets
FOREIGN SECURITIES
all issues

CARL MARKS & CO. INC.
FOREIGN SECURITIES
SPECIALISTS
50 Broad Street • New York 4, N.Y.
AFFILIATE: CARL MARKS & CO. Inc. CHICAGO

The Union Shop Is Part Of The Free Enterprise System: Green

(Continued from page 1051)

"Actually the union shop is part of the American free enterprise system which has made our country great. Just as individual investors are permitted to pool their funds to form corporations for large-scale production, so individual workers are allowed under our free, democratic government, to pool their economic strength into trade unions so that they can bargain collectively and lift their standards of work and living.

"Furthermore, to abolish the union shop would destroy the freedom of contract guaranteed by our Federal Constitution. There is no reason in law, in ethics or in common decency why an employer and his employes should not be allowed to enter into an agreement providing, among other things, that those who seek jobs in the concern should be required to join the union in order to qualify.

"The citizens of the United States—members of the greatest union in the world—are required to pay taxes to maintain their government, to protect their freedoms, to provide necessary public services and to help improve the American standard of living. In the same way union workers in a plant believe each worker should be required to pay dues to maintain the organization formed to protect and improve their working standards.

"The union shop is so thoroughly American, it is so completely just and fair, and it is so vitally necessary to uphold the way of life which all Americans cherish that it cannot be destroyed without throwing our nation back a hundred years into the dark days of economic oppression and wage-slavery.

"You men and women, as union members, have a direct and vital interest in the union shop. I urge you to tell your fellow citizens of Florida the truth—that adoption of the proposed amendment means longer hours of work for lower wages, loss of seniority and loss of job protection. Tell your storekeepers that it means bad business for them because you won't enjoy enough purchasing power to buy their goods. Do this, and with the help that the American Federation of Labor will most certainly provide, the amendment will be decisively defeated as it should be.

"The post-war period is now almost in sight. As we look ahead toward it, we can perceive not only perils to our way of life but great opportunities for making it richer and fuller.

"Our experiences in this war have opened our eyes to a realization of the great resources of our country, its tremendous productive capacity and its boundless reserves of energy. If all of this can be accomplished for the destructive purposes of war, how much more important it is that we harness the miraculous machinery of our civilization to fulfill the constructive objectives of peace!

"I predict that with the wholehearted cooperation of labor, management and government the end of the war will be the signal for the start of the greatest period of prosperity in the history of our nation.

"But we must be prepared for temporary reverses and unemployment during the transition from a wartime to a peacetime economy. The test period will come between the time war contracts are cancelled and industry is able to complete its reconversion to peace production.

"Obviously, the national interest demands that this transitional process be completed in the shortest time possible and with least suffering to disemployed war workers and demobilized servicemen. If recovery is unduly delayed, our national economy will be vitiated. If it is hastened, America will be stronger than ever before.

"Therefore, the American Federation of Labor is pressing with all its power in Washington for the approval of plans for starting reconversion now, without waiting for the end of the war. This should be done and can be done in many instances, especially among small business firms, without interfering with war production.

"The expediting of reconversion must be accompanied by the adoption of legislation which will provide post-war insurance for the common people of our country—enough to tide them over the hard times until jobs for all will be available. We owe it to our brave soldiers, sailors and marines not to leave them high and dry when the war ends—without jobs, without income, without insurance. We owe the same obligation to the nation's war workers. To disabled war veterans and to those who have been injured in war industries, we must offer full opportunities for re-training, for rehabilitation and for getting jobs that will be self-sustaining. These are paramount responsibilities which Congress cannot dodge nor leave to the separate States for solution.

"American businessmen also face important responsibilites in the post-war period. They must be ready to risk capital in new ventures, they must be willing to expand production to the maximum degree and, above all, they must recognize the imperative necessity of maintaining a high wage policy if our free enterprise system is to endure.

"The enormous debts which our nation has incurred during this war must be redeemed to keep the American dollar sound and to safeguard our entire economy. The prospects of debt reduction depend largely upon the achievement and maintenance of a high national income — an income widely distributed among the masses of our people through wages, rather than closely held by a few in the form of exorbitant profits. A high national income, made possible by full employment at good wages, will guarantee the purchasing power and the markets necessary to buy the products of our peacetime industry and farms. Without such purchasing power in the hands of our people, a dangerous depression will inevitably result.

"Such threats to the future, however, can be avoided if we keep on the alert for them and if all elements of our population unite in a positive and constructive course of action. I have every confidence that the American people are determined enough and resourceful enough to find the way out of these grave problems.

"But there is an even more fundamental and serious job ahead of us—an international job—which we must complete successfully or jeopardize our own future security and the entire world's. That great task is the winning of the peace.

"We can have no real economic recovery at home, we can enjoy no real security, we can make no safe plans for the future unless world peace is established and guaranteed.

"Therefore, as this war draws near to its final conclusion, American labor is determined more than ever to see to it that lasting peace will be our reward—a peace that must be fully protected by an international organization of the nations of goodwill who recognize that war is the great enemy of mankind and must be abolished for all time at any cost.

"Let us solemnly dedicate ourselves on this Labor Day to go forward with renewed energy toward bringing the war to a quick and merciful conclusion, toward the establishment of lasting peace and toward the attainment, through maximum production and full employment, of ever higher standards of living in our dearly beloved land."

REMEMBER . . .

OUR wide range of dealer contacts and private wire connections,

MEAN prompt, accurate service in a wide range of

OVER-THE-COUNTER SECURITIES
(Actual Trading Markets, Always)

Kobbé, Gearhart & Company
INCORPORATED
Members New York Security Dealers Association
45 NASSAU STREET, NEW YORK 5
TELEPHONE RECTOR 2-3600 — PHILADELPHIA TELEPHONE ENTERPRISE 6015 — BELL TELETYPE NEW YORK 1-576

Carter Harrison Adds M. Galleher To Staff

(Special to The Financial Chronicle)

CHICAGO, ILL.—Maurice D. Galleher has become affiliated with Carter H. Harrison & Co., 209 South La Salle Street, members of the Chicago Stock Exchange. Mr. Galleher was formerly with the Chicago office of Merrill Lynch, Pierce, Fenner & Beane, and Lazard Freres & Co. Prior thereto he was an officer of the Northern National Bank of Duluth, Minn.

Walter S. Schinz With Alfred L. Baker & Co.

CHICAGO, ILL. — Alfred L. Baker & Co., 111 South La Salle Street, members of the New York and Chicago Stock Exchanges, announce that Walter S. Schinz has become associated with their firm. Mr. Schinz, who has had many years' experience with La Salle Street firms in the investment securities and brokerage business, has recently been with Alfred O'Gara & Co. and Fuller, Cruttenden & Co.

Carrier Corp. Conv. Pfd.
New England Pub. Serv.
Pfd. Plain
Majestic Radio & Tel.
Bendix Home App.
Electrol, Inc.
Howard Stores

M. S. WIEN & CO.
Members N. Y. Security Dealers Ass'n
25 Broad St., N.Y. HAnover 2-8780
Teletype N. Y. 1-1397

A Low-Priced Stock in an Industry
With a Bright Future

Giant Portland Cement
(Pa.)
Stocks 2¾ - 2 15/16
Div. Arrears Ctfs. 19 - 20
Circular Available—Send for Copies

LERNER & CO.
10 POST OFFICE SQUARE
BOSTON 9, MASS.
Tel. HUB 1990 Teletype BS 69

Trend Of Rail Earnings

McLaughlin, Baird & Reuss, 1 Wall Street, New York City, have prepared an interesting discussion entitled "Interpretation of Narrowing Trend of Rail Earnings Decline." Copies of this discussion may be had from the firm upon request.

Bottling Cos. Attractive

Hoit, Rose & Troster, 74 Trinity Place, New York City, have prepared circulars discussing the situation in the various Coca-Cola Bottling Companies, and Red Rock Bottlers, Inc. Copies of these interesting circulars and a circular discussing Piper Aircraft may be had from the firm upon request.

Public National Attractive

Stock of the Public National Bank & Trust Co. of New York offers interesting possibilities for investment, according to a memorandum issued by C. E. Unterberg & Co., 61 Broadway, New York City. Copies of this memorandum outlining the situation may be had upon request from C. E. Unterberg & Co.

Available On Request

Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Ave., New York 1, N. Y.

Mallory Interesting

P. R. Mallory & Co., Inc., offers an interesting situation, according to an analysis prepared by Steiner, Rouse & Co., 25 Broad St., New York City, members of the New York Stock Exchange. Copies of this analysis may be had from Steiner, Rouse & Co. upon request.

Eastern States Pfd.
Pressurelube, Inc.
Giant Port. Cement Arrears
Douglas Shoe Pfd.
Amer. Gas & Power Warrants

W. T. BONN & CO.
120 Broadway New York 5
Telephone COrtlandt 7-0744
Bell Teletype NY 1-886

INDEX

Page
Bank and Insurance Stocks.........1044
Broker-Dealer Personnel Items......1040
Calendar of New Security Flotations 1055
Canadian Securities 1049
Mutual Funds 1046
Our Reporter on Governments......1041
Our Reporter's Report.............1040
Public Utility Securities.............1038
Railroad Securities 1039
Real Estate Securities..............1040
Securities Salesman's Corner (The).1043
Tomorrow's Markets—Walter Whyte Says 1049

State & Municipal Bonds

CRUTTENDEN & CO.
Members New York and Chicago Stock Exchanges
CHICAGO
Dearborn 0500
Teletype
CG 35
209 South LaSalle Street
CHICAGO 4, ILLINOIS
LOS ANGELES
634 So. Spring St.
Telephone
Trinity 6345

Quaker City
Cold Storage 5s
Revised Memorandum
On Request

Hill, Thompson & Co., Inc.
Markets and Situations for Dealers
120 Broadway, New York 5
Tel. REctor 2-2020 Tele. NY 1-2660

Final Edition ESTABLISHED OVER 100 YEARS In 2 Sections—Section 2

The Commercial and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 160 Number 4314 New York, N. Y., Thursday, September 7, 1944 Price 60 Cents a Copy

The Financial Situation

Now that the election campaign is about to get under way in earnest, a number of questions have arisen concerning the propriety of tactics and techniques which are being used. One of them which has been attracting attention for a good while past is the political use, or what appears to many to be such, that is being made of the Commander-in-Chiefship of the President of the United States. Another is the old, familiar trick of "inspection trips" and "reports" to the people by the President from time to time. Other related tactics expected by many to be brought into use before the campaign is over include visits to the "fronts", or as near thereto as a somewhat strained prudence will permit, perhaps absence from the country on such journeys at particular points in time or upon particular occasions believed well calculated to attract the attention of the public and to give the impression that it would be the height of folly to release from public office one so experienced and so closely in touch with everything that is going on in the world at a time like this.

"Political Action Committees"

But there are other "handicaps" which the opposition must carry in this election. One of the most important of these appears to be the organization of "political action committees", if not among, then closely allied to, large groups of workers who are in the well-formed habit of taking orders from above, and who, so the leaders of the movement hope, will not be "balky" when told how to vote. This particular movement takes on added importance by reason of the fact that it is closely associated with the political party of the present administration, and thus is able to work very much in harmony with the President, the master politician (not Commander-in-Chief). This organization or group of organizations is, as is well known, largely under the direction, not to say domination, of Mr. Hillman, an old palace favorite and one scarcely unacquainted with the ways and wiles of practical politics.

Such tactics and such modes of procedure are being roundly and warrantably condemned in many quarters. The

(Continued on page 1060)

From Washington Ahead Of The News

By CARLISLE BARGERON

When Mr. Roosevelt announced that he supposed some people would consider his speech planned for Sept. 21 as political, he was understating it. The fact is that he is upset by the tremendous attention which Sidney Hillman is receiving. The speech is designed to take some of the emphasis off him. It is generally conceded that Hillman's activities are driving some of the A. F. of L. vote away from the New Deal, to what extent is not exactly known. In an effort to head this off, the President's first speech of the campaign is to be directed to an A. F. of L. group arranged by his old friend, Dan Tobin, the $40,000-a-year head of the Teamsters. Dan has been carrying the New Deal ball in the Federation's Executive Council all along, although some months ago he expressed considerable impatience towards the New Deal bureaucracy. An editorial of his in the Teamsters' publication attracted a lot of eyebrow-lifting. Mr. Roosevelt got to him, however, and calmed him down. One of his main jobs in the Council has been to keep John L. Lewis out of the A. F. of L.

Carlisle Bargeron

The picture Mr. Roosevelt will try to create on Sept. 1 is that it's all wrong about his being tied up with Sidney, he loves the A. F. of L. just as much.

In the meantime, Mrs. Roosevelt hasn't been letting any grass grow under her feet. The Republicans in Pennsylvania thought they had dampened the New Deal ardor of the Negro paper, the Pittsburgh "Courier," which also publishes a Philadelphia edition. Mrs. Roosevelt got on the train and went to Pittsburgh for a social visit with Mrs. Van, the widow of the late Negro publisher of the paper. Within a few days it launched an attack on the Republican Mayor of Philadelphia, charging that he was responsible for the recent transportation strike in that city. The CIO was responsible for it.

(Continued on page 1063)

Senator Truman, Accepting Nomination As V.-P., Urges Re-Election Of President Roosevelt

Stresses Necessity Of Experience In National And International Problems

Speaking in behalf of the re-election of President Roosevelt, the declaration was made on Aug. 31 by Senator Harry S. Truman that "tomorrow's challenge is today's problem. The proven leadership of our successes must continue." Senator Truman went on to say:

Harry S. Truman

"The fortunes of the future for which our boys have fought, bled and died must not be endangered by intrusting them to inexperienced hands. There is no substitute for experience, which can be gained only through years of application and service."

The occasion of the Senator's remarks was a speech by him formally accepting his nomination for the office of Vice-President on the Democratic ticket. His acceptance of the nomination took place at a ceremony at his birth place at Lamar, Mo.

Saying that "it takes time for any one to familiarize himself with a new job," Senator Truman added: "This is particularly true of the Presidency of the United States, the most difficult and complex job in the world. Even in peacetime, it is well recognized that it takes a new President at least a year to learn the fundamentals of his job. We cannot expect any man wholly inexperienced in national and international affairs to readily learn the views, the objectives and the inner thoughts of such divergent personalities as those dominant leaders who have guided the destinies of our courageous Allies."

Noting that "the end of hostilities may come suddenly," the Senator stated:

"Decisions that will determine our future for years, and even generations to come, will have to be made quickly. If they are made quickly and wisely by those who have had years of experience and the fullest opportunities to become well informed with respect to our national and international problems, we can have confidence that the next generation will not have to spill its blood to rectify our mistake and failures."

Making the statement that "although victory may be close at hand, it must still be won," Senator Truman referred to the fact that "much work has been performed in the task of building for peace," and he said:

"The peace we seek is partly made. While the main task is yet ahead of us, world peace was actually in the process of making many months, even years ago.

* * *

"This peace was being made at Casablanca, at Moscow, at Quebec, at Cairo, at Teheran. It was being made last week in our own nation's capital. It will be made in many other places, at many other times. It is a continuing process, already years under way, still years in prospect. We are, in our effort to make this peace, very definitely in midstream.

* * *

"We comprise but a small percentage of the people of the earth, and we shall have to guide the way with wise counsel and advice if we expect to play our full part in establishing a good and an enduring peace."

The Senator also stated in his speech that "winning the war and concluding the peace are only part of the task facing us during the next four years. We must also

(Continued on page 1064)

GENERAL CONTENTS

Editorial

Page
Financial Situation....................1057

Regular Features

From Washington Ahead of the News....................1057
Moody's Bond Prices and Yields....1066
Items About Banks and Trust Cos..1072
Trading on New York Exchanges....1070
NYSE Odd-Lot Trading............1070

State of Trade

General Review....................1058
Commodity Prices, Domestic Index..1069
Weekly Carloadings................1071
Weekly Engineering Construction...1069
Paperboard Industry Statistics.....1071
Weekly Lumber Movement..........1071
Fertilizer Association Price Index..1066
Weekly Coal and Coke Output......1069
Weekly Steel Review...............1068
Moody's Daily Commodity Index....1066
Weekly Crude Oil Production.......1070
Non-Ferrous Metals Market........1069
Weekly Electric Output............ *
Money in Circulation...............1061
June Building Permits..............1068
Non-Farm Mtge. Financing in First Half of 1944....................1068
Fairchild's Aug. 1 Retail Price Index.1067
June 15-July 15 Living Costs in Large Cities....................1067
July Hotel Sales....................1067
New Capital Issues in Gt. Britain..1067
Cotton Ginned Prior to Aug. 16.....1066

*Not available this week.

Quite So!

"We are at the point now where we are going to decide in which direction we are going to try to go. We have been building up a psychology in this country for a long, long time that when any private person, any State or community gets into trouble; when an individual faces a situation that challenges him to use his initiative and all of his resources he or they run to Washington to get some money.

Hatton W. Sumners

"We deny the challenge. We refuse the challenge. No people can long maintain a democracy who pursue that policy. We are engineering and encouraging people now, before there is any developed necessity, to come here and get some money out of the Federal treasury.

"We know that we confront two or three definite dangers. We know that we are not too far from the printing press for money, that when this war is over it is not going to be easy to sell bonds; that whenever the tax burden upon privately owned property is greater than its assets private ownership will not be attractive. We know that there can be only two sorts of ownership, private and public.

"Whenever we create a situation where nobody wants to own and nobody wants to work and manage there can be no owner except the Government. There can be no democracy, no popular government, where ownership control is vested in Government organization."—Representative Hatton W. Sumners of Texas.

We hope that Representative Sumners, or some one at all events, is seeing to it that as many as possible of the American people are having their attention called to this serious and highly pertinent warning.

The State Of Trade

Military successes of the Allied armies in Europe afford the United Nations some reasonable yardstick to measure the time when peace will become a reality. Tentative plans are at this moment being drawn up to assure the peace of the world for many years to come. That these efforts may prove fruitful and lasting is the desire of all peoples endowed with a love for mankind and the respect for the rights of others.

The people of the United States by the attack on Pearl Harbor by the Japanese were precipitated into the maelstrom of war. Unity of all the people at that time was sought to prepare for a war that would bring the transgressors of the moral law to justice and make future wars impossible. America's answer to the challenge was her overwhelming production of arms and materials made possible by the genuine effort and great sacrifices of all classes of the American people. From the results achieved it would appear that this remarkable undertaking was accomplished without drawbacks or friction of any kind. However, such has not been the case, since misunderstandings and selfishness on the part of some elements of labor have worked, unwittingly at times, to seriously impede our war effort. Records compiled by the Department of Labor bear eloquent testimony to the utter disregard these groups have for the welfare of their country and fellowmen making the supreme sacrifice on the battlefields of the world.

Leaders of the major labor unions upon our entrance into the war gave their solemn pledge that their members would refrain from striking for the duration. This pledge was short-lived, for after a few months had elapsed, labor disorders showed a steady increase and in the first year following Pearl Harbor, the no-strike pledge was violated nearly 3,000 times. The second year found more men exercising the strike privilege than in any of the 15 years preceding Pearl Harbor.

Instead of diminishing, it is found as time goes on, that the number of strikes are on the increase. So far this year there have been four strikes for every three that were called last year, with prospects pointing toward a new record of more than 5,200 strikes by the end of December. In the single month of May of this year there were more strikes than there were in the entire boom year of 1928. For the year to date, more than a million men have answered the strike call, resulting in an absence from work on an average of four days each. At the present time production of coal is being hampered by disorders of this nature.

Not all of these disturbances have sprung from disputes between management and labor. In fact, many can be attributed to jurisdictional disputes and other forms of dissension within labor's own ranks. The refusal of labor to abide by the decisions of government labor boards is another cause. These conflicts in large measure are responsible for labor's chief problems to-day.

As the termination of the war in Europe approaches a climax, and with ultimate victory in the Pacific certain to follow, our readjustment to a peace-time economy will impose responsibilities upon us all. We are deeply concerned in securing and maintaining a lasting peace and the surest way of bringing it about is by unity within our own country. Wholesome relations between labor and management will go far toward easing the difficult period ahead. An unselfish devotion to one's task, no matter how small, will develop that accord so necessary for a unified people which will at the same time set a good example to the rest of the world groping in despair and confusion.

WPB Conversion Plan— A new plan to aid conversion of industry to peace-time pursuits was announced by the WPB in setting forth a policy of encouraging the transfer of war production from plants that may readily be reconverted to civilian output to special-purpose plants. The board had the Ford Willow Run plant particularly in mind, since cutbacks in production of B-24 Liberator bombers at that plant are expected to ultimately place 300,000 workers in the unemployment category.

To forestall, if possible, the large-scale lay off of workers, Arthur H. Bunker, WPB deputy executive chairman, told representatives of the Ford Motor Co. and C. I. O. United Automobile Workers that the board favors moving additional aircraft work into Willow Run if this can be accomplished without upsetting production schedules and the war effort.

Consumer Credit — Outstanding consumer credit on July 31 reached a total of $4,883,000,000, or a decline of about $60,000,000 for the month, an estimate of the Federal Reserve System discloses. Curtailment in charge account indebtedness occasioned by the war accounted in large measure for the reduction. Installment loans outstanding in July showed an increase, but notwithstanding the increase, were about 2% below that of last year. In the automobile trade, sales credit rose by approximately 6% for the month.

Dissolution of APB Recommended—The APB, brought into being almost two years ago to solve a bottleneck in plane production, was recommended for dissolution by Charles E. Wilson, retiring executive vice-chairman of the WPB. With production the current year close to 68,000 planes, approximately an annual rate of 100,000 planes, Mr. Wilson disclosed last week that members had recommended discontinuance of the emergency aircraft unit. The recommendation is now in the hands of J. A. King, acting chief of the WPB. Mr. Wilson was the organizer of this agency to speed aircraft output.

Steel Industry — The American Iron and Steel Institute announced last Monday that the operating rate of steel companies (including 94% of the industry) will be 95.5% of capacity for week beginning Sept. 4, compared with 97.1% one week ago. This week's operating rate is equivalent to 1,710,700 tons of steel ingots and castings, compared with 1,739,300 net tons last week and 1,748,200 tons one year ago.

Although incoming bookings continued to run heavy the past week, it appears the peak in steel ordering has passed, states the "Iron Age" in its current review of the steel industry. It is understood that incoming bookings referred to represent requirements set up some time ago.

On the surface, steel market trends appeared to be similar to that of a week ago, but, reports the magazine, tiny cracks are materializing which may be indicative of a gradual levelling off or which may precede an upheaval. The development of this condition depends entirely on the course of the war.

Indications the past week supporting the view that lighter demand may not be far off embrace a sharp first quarter cutback in Maritime Commission requirements, postponements in some shell steel delivery schedules, substitution of lend-lease orders for fourth quarter domestic tinplate cutbacks, and hesitancy on fresh steel orders and inventory house cleaning.

Cutbacks in shell steel production, the magazine states, will probably be temporary, thus giv-

(Continued on page 1065)

Deposit Responsibilities Of State Banks Vastly Increased

The importance and responsibility of state banks in the national economy is emphasized in the 13th annual report of the State Bank Division of the American Bankers Association made public on Sept. 6, which shows total deposits in 9,549 state supervised banks reached an all time high of $57,650,981,000 on December 31, 1943, an increase of $8,378,333,000 over the previous year and 58% during the five-year period from 1938.

The report covers 9,005 state commercial banks, loan and trust companies, private banks, and stock savings banks and 544 mutual savings banks, all of them chartered by the states in which they operate as reported by state bank departments as of December 31.

The report said of the $57,650,981,000 total deposits, $25,998,958,000 was represented by demand deposits of individuals, partnerships and corporations, a gain of $4,880,391,000 during the year and an increase of more than 100% since 1938.

Time deposits of individuals, partnerships and corporations amounted to $20,625,233,000, an increase of $2,337,169,000 for the year. "The continuous upward trend of time deposits has brought the total to an all time high, with the likelihood of further expansion in the future, at a somewhat slower pace, however," the report said.

The rapid growth of deposits is reflected in the increased holdings of United States Government securities, by all state supervised banks which on Dec. 31 aggregated $31,865,802,000, an increase of $9,794,780,000 for the year.

"A further study of this item discloses that state supervised banks had more than 50% of their resources invested in government securities," it continued. "During the past five years state supervised banks have increased their holdings of government securities $21,521,416,000 or 208%. This fact clearly emphasizes the support state banks are lending to Treasury financing."

Other securities held by the banks aggregated $4,141,891,000 on Dec. 31, a decrease of $605,542,000 or 12.8% during the year. These other securities represented a total of 6.6% of total resources, a decrease of almost 26% since 1938.

Loans and discounts declined $257,972,000 during the year to $13,468,850,000. "While this was the second consecutive year that a decrease in this item was evidenced, the major portion of the year's loss was noted in loans and discounts of mutual savings banks. This may indicate a possible leveling off of loans and discounts in state commercial banks with the strong possibility of increased upward activity in subsequent periods."

Cash, reserves and funds due from banks amounted to $12,412,667,000 at the end of 1943 of which 93.6% was represented by state commercial banks.

Total capital funds rose $224,537,000 to $5,085,747,000 or an increase of 4.6% for the year.

"In summarizing these changes, the significant items of interest are deposits, government securities and cash. When the growth and distribution of deposits is considered, it must be remembered that they represent only a part of the total liquid assets of the public. As has been demonstrated, the other important kinds of liquid assets are currency, and United States Government obligations. The total growth of all liquid assets held by businesses and individuals at the present time, when the aggregate of private debt is not changing materially, is roughly equal to the expansion of the public debt. Funds borrowed by the government are obtained either from individuals and businesses, in which case they are represented by government security holdings, or they are obtained from banks and are reflected in the growth of deposits. Demand deposits represent that portion of the growth in debt that has been taken by banks and the proceeds of which are not held in the form of time deposits or currency."

Discussing assets and liabilities of state commercial banks the report said, "At the close of the year 1943, there were 9,005 state banks engaged in commercial banking business in the United States.

"Total resources of state commercial banks on Dec. 31, 1943, were $50,023,957,000, an increase of $7,539,810,000 or 17.7% during the year. This increase, with minor adjustments, is reflected entirely in holdings of United States securities."

The report said holdings of United States securities by the state commercial banks the country over represented 51.6% of the total assets of the banks, compared with 41.2% at the end of 1942.

All states participated in the increased holdings of government securities with a ratio ranging from 28.6 to 61.3% of the total assets of these banks. Delaware had the highest ratio while other states with high ranking included Rhode Island with 58.1%, Massachusetts with 56.5%, New York with 55.7%, Maryland with 55.6%, Oregon with 55.4% and New Jersey with 54.5%, while seven other states were near the average figure of 52.0%.

Other securities held by the state commercial banks decreased $413,232,000 to $2,834,408,000 for the year. The average percentage of other securities to total assets was 5.7% compared with 7.6% for the year ended Dec. 31, 1942.

Loans and discounts decreased $34,113,000, the smallest decline since 1941, and the ratio to total assets was 18.0%.

Cash, reserves and funds due from banks amounted to $11,618,041,000, a decrease of $210,756,000 during the year and bringing the percentage of cash, reserves and funds to total assets to 23.2% during 1943, compared with 27.8% at the close of 1942.

Total deposits of state commercial banks at the end of 1943 amounted to $45,926,329,000, an increase of $7,317,866,000 or 19% for the year. New York continues to disclose the largest dollar amount of increase in deposits with $1,495,582,000 or a 9.4% advance.

Reviewing assets and liabilities of the 544 mutual savings banks the report said, "Mutual savings banks disclosed holdings of United States Government securities of $6,094,879,000 at the close of 1943, an increase of $1,535,490,000 over 1942. This item represents 46.7% of total resources, which compares favorably with that of state (commercial) banks.

"All the states showed increase in government holdings with percentages ranging from 25.1% to 119.6%. The highest percentages of increase occurred in Delaware and Wisconsin at 119.6% and 103.4%, respectively. The percentage of government securities to total assets ranged from 21.5% to 70.7%.

"Loans and discounts were off $223,859,000 or 4.8% from the year end figures of 1942. Oregon had the highest ratio of loans and discounts to total assets at 53.0%, with Vermont and New York next with 40.7% and 40.4%, respectively."

The large advance in the volume of business done by state supervised banks in 1943 is reflected in their aggregate earnings. The report said, "During the year 1943 gross earnings from current operations of state banks engaged in commercial business in 47 states and the District of Columbia increased 7.0% over the year 1942, while total net earnings from current operations increased 15.4% during the same period. Seven of these states reported net earnings less than in 1942.

"Another interesting thing about the study is the impressive income from service charges. Without the service charge income, the net earnings from current operations in six states would have been entirely wiped out. Four states would have shown net losses instead of net profits before dividends in the absence of service charge income."

Members of the committee on state bank research supervising the making of the report include:

Elwood M. Brooks, president, Central Bank & Trust Company, Denver, Colo., chairman; W. J. Breidenthal, president, Riverview State Bank, Kansas City, Kan.; Louis E. Hurley, president, Exchange Bank and Trust Company, El Dorado, Ark.; Clarence M. Malone, president, Guardian Trust dian Trust Company, Houston, Tex.; C. H. Martin, president, Security Trust and Savings Bank, San Diego, Calif., and H. N. Thomson, vice-president, Farmers and Merchants State Bank, Presho, S. D.

Officers of the State Bank Division of the American Bankers Association who assisted in preparation of the material include:

Claude F. Pack, president, Home State Bank, Kansas City, Kan, president; W. W. McEachern, president, Union Trust Company, St. Petersburg, Fla., chairman executive committee; Walter B. French, deputy manager, American Bankers Association, New York City; Melvin C. Miller, American Bankers Association, New York City, secretary.

Nazis Will Fall This Year—Patterson

Under-Secretary of War Patterson, on his return from the European battlefronts, said that he thought the German armies would crack within the next four months. According to a special dispatch to the New York "Times" from Washington on Aug. 31, which also gave the following remarks of Mr. Patterson:

> "Complete and final victory over the Germans is not far off, a victory that will be won not by our men alone, but by the combined power of the armies of the United Nations."

Mr. Patterson, who was formally against the expression of such optimistic beliefs as to the end of the war, said that he was certain that General Eisenhower would fulfill his prediction that "the war in Europe would be won before the end of 1944 if everybody does his part."

Mr. Patterson also told of how the mobility of the German army is being severely hampered by the Army Air Forces and that an army without mobility was ripe for defeat. He also added that strategic bombing had cut German gasoline production to "only 20% of what it was a year ago."

Agreeing with Secretary of the Navy Forrestal's report that the optimism coming out of General Eisenhower's headquarters was not pure optimism but sound reasoning, and that the General could rightly say that if one could judge the Germans by "normal standards," their armies should be ready to "roll over now."

The New York "Times," reporting this information, quoted Mr. Patterson as saying that he had witnessed the Southern France landings on Aug. 15 and was impressed by the fact that the Germans had only "show-window" defense — "everything placed in the show window, along the coastline."

International Monetary Fund—Purposes, Methods, Consequences

(Editor's Note—This constitutes the full text of an official release distributed at Bretton Woods while the Conference was in session.)

Much confusion about the International Monetary Fund would be avoided if it were clearly understood that there are three separate aspects in the proposed plan: one, the Fund's purpose; two, the methods proposed for achieving this purpose, and, three, the consequences that may flow from its achievement.

The purpose of the Fund is the restoration of world trade and its continuing expansion. While the agreement proposing the Fund deals for the most part with matters relating to foreign exchange and the maintenance of its stability, that after all is not an end in itself but merely one of the means towards achieving better trade conditions. Similarly, while the Fund may be expected, through improving trade conditions, to contribute to the maintenance of high levels of employment and real income as well as to the restoration of disrupted economies and the development of the productive resources of all members, these matters are in the nature of hoped-for consequences of the successful operation of the Fund rather than its immediate purpose.

A brief discussion of the three phases of the matter is presented in the following paragraphs. No attempt is made to describe the Fund's operation or to cover all the matters with which the proposal deals. In these respects the document speaks for itself. This is merely an attempt to draw a sharp distinction between the Fund's purposes, its methods, and the possible consequences of its operation.

Purpose

No country is completely free from the influence of foreign trade. Raw-material producing countries need foreign trade in order to find markets for their output. These countries need the proceeds of the sale of their products abroad for the purpose of buying goods for consumption as well as for the development of their country. Industrial countries usually require foreign trade both for the acquisition of raw materials which they use in manufacturing and for the disposal of their products. There are great differences between countries in the extent to which they depend on foreign trade. In some countries foreign commerce constitutes a very large proportion of total national income. In other countries the percentage of national income that is produced by foreign trade is small. But even in the latter countries it is often the case that the marginal percentage involved in foreign trade may spell the difference between prosperity and depression.

For these reasons, a restored world economy cannot be imagined without the establishment of world trade on the largest possible scale and with the least possible obstruction. This need not be elaborated; suffice it to recall the innumerable difficulties and frictions which developed in the two decades after the last war as a result of increasing obstructions to world trade. If the Monetary Fund can make a substantial contribution to its restoration in the maximum possible volume it will not have been in vain that the representatives of 44 nations spent much time and effort in promoting and fashioning the plan.

Method

The greater part of the proposed agreement deals with the methods devised for the purpose of encouraging world trade. The principal method is the restoration of exchange stability. Assurance to producers and traders throughout the world that they can count on a reasonably stable level of exchange rates would make it very much easier for them to engage in their business. They would have the assurance that their profits will not be exposed to the unpredictable risk of great fluctuations in the value of the currencies for which they propose to sell their product or in which they propose to pay for their imports. Exchange stability affects directly not only those who are engaged in international trade but also all those who produce goods a considerable part of which finds its way into world markets. It is, therefore, not a matter that concerns merely a relatively small proportion of some countries' population but one that directly concerns the great majority of all people. In fact, no prosperous world trade and no prosperous economies can persist in the face of violent fluctuations in exchange. It is for this reason, and as a result of painful experience, that the necessity for developing an International Monetary Fund was recognized.

More specifically, the Fund proposes to limit the right of member countries to change their exchange rates without going through a certain procedure. The countries that join the Fund undertake not to propose such changes unless they consider them appropriate to the correction of a fundamental disequilibrium.

While the Fund looks to exchange stability as the principal means for the restoration of world trade, it recognizes limitations on stability that are necessary in order to meet the internal conditions of different countries. It provides that during the period of transition, in view of the extreme uncertainties that must prevail after the war comes to an end, many adjustments will be necessary, and it is proposed that the Fund in deciding on its attitude to any proposals for changes in exchange rates presented by members shall give the member country the benefit of any reasonable doubt. It is indeed impossible to conceive of a Fund possessed of such wisdom as to provide immediately after the war rates of exchange that will in all cases continue to be appropriate as the process of reconstruction proceeds. There is, therefore, an indication that the Fund will have an open mind in this matter and will proceed with due consideration for the needs of applying countries.

The Fund also has other provisions that add flexibility to the system it hopes to establish. It authorizes a country to make a 10% change in its currency without obtaining the concurrence of the Fund. However, even in that case the country is required to consult with the Fund and to act in accordance with its purposes, so that if the agreement is carried out in good faith such changes will not be an arbitrary or competitive devaluation. Furthermore, the proposal provides that a country which after having made a 10% change finds itself under the necessity of making another change without delay may request the Fund's concurrence in such a change and a reply must be given within 72 hours. Other changes can be obtained with the Fund's concurrence and there are no prescribed limitations on such authorized changes.

It may be contended that these provisions go a long way toward diminishing the hoped for stability of exchanges. Careful consideration, however, would indicate that the opposite is the case. Stability does not mean rigidity, and rigidity in the past has resulted in extreme instability. A country which finds that its domestic economy is suffering greatly from inability to sell abroad, because of an inappropriate rate of exchange and also finds it impossible to make other adjustments to correct the situation, has no alternative but to change the rate. If it does not change it soon enough but persists in maintaining it after it has become untenable, there are likely to be serious consequences both at home and abroad. Ultimately the rate will be changed and probably by a larger amount than would have been necessary if the country had acted promptly. Illustrations of such cases are too common to need mention.

Therefore, the provision for orderly changes in consultation with an International Fund and with its concurrence, so long as they are in accordance with the general objectives of the Fund, is a contribution to stability rather than an impingement upon it.

In order to protect the economies of the country from any untoward influences resulting from excessive rigidity of the rate, there is an explicit provision that the Fund shall not reject a requested change that is necessary to restore equilibrium, on the ground that it does not approve of the domestic social or political policies of the member country proposing the change. These provisions are not a substantive limitation on which the Fund is expected to do, but a reassurance to the countries that these vital matters were kept in mind by the framers of the proposal, and that the member countries' autonomy in domestic affairs is not threatened.

In pursuance of its aim to restore world trade through exchange stability the Fund provides a method of affording countries an opportunity in effect to borrow foreign currencies from the Fund, in exchange for their own. This enables countries that are temporarily short of means for making payments abroad to make such payments out of the Fund's resources. The countries are thus protected from feeling immediately the pressures arising out of an unfavorable trade balance in a way that leads to disruption, measures of restrictions, blocked accounts, limitations of trade, etc.

There are many safeguards provided in the Fund to protect its resources from uses that are excessive in amount or in duration. The Fund is expected to be a revolving fund which affords to the countries a breathing spell during which they can undertake such measures as may be necessary to restore their economy to a condition of equilibrium without in the meantime disrupting their foreign trade or their domestic economies. No safeguard provided for the Fund is more important than the provision that the countries' request for foreign currencies must indicate that the uses to which these currencies will be put are consistent with the purposes of the Fund. This means that countries which conduct their affairs in good faith in accordance with the undertaking to act in conformity with the purposes of the Fund will not in any circumstances divert the resources of the Fund to inappropriate uses. In international agreements between sovereign States no method of enforcement can be as important as reliance on the good faith of the participants. The Fund's operations are generally limited to current transactions. With reasonable exceptions, the Fund is not supposed to be used for the transfer of capital or for purposes of relief or for rehabilitating a country's productive plant. Such operations must be handled through other channels.

An important incidental provision in this connection is the power of the Fund to warn a member country, even though that country may not be using the Fund's resources, that the conduct of its affairs is not consistent with the purposes of the Fund. Such a warning might point out to the country that its conduct not only constitutes a failure to perform an obligation undertaken by joining the Fund but also may be prejudicial to the country if in future it should wish to have recourse to the Fund.

To summarize, the Fund attempts to provide the greatest degree of exchange stability that is consistent with the economic necessities of the members. It introduces stability without rigidity and elasticity without looseness.

Consequences

In drafting the proposal it has been the intention not only to indicate the purpose and the methods of the Fund but also briefly to mention the consequences that it may have on world prosperity. As a means of assuring the member countries that join the Fund that it is not conceived in the narrow spirit of protecting the financial interests of traders and their backers but in the spirit of far-sighted concern about the general well-being, it is indicated that the Fund proposes to contribute to the promotion and maintenance of high levels of employment and real income and to the development of the productive resources of all member countries as primary objectives of economic policy.

The Fund does not propose to be a universal panacea for all human ills but only a mechanism for the performance of a clearly defined specific purpose. At the same time it is one of the means which, in conjunction with many others, offers hope for the reestablishment of a prosperous and, consequently, a peaceful world.

OPA Amendments To Rent Regulations

Amendments to rent regulations which clarify the limitations on the charging or retrention of "security deposits" by landlords were issued on Aug. 29 by the Office of Price Administration, these reports further said:

Effective September 1, 1944, these amendments represent little change in present administration of the rent regulations, but they spell out specifically provisions which have hitherto been applied largely by interpretation.

The Office of Price Administration pointed out that the amendments provide that the term "security deposit", in addition to its customary meaning, includes any prepayment of rent in excess of one month in advance.

Under these amendments, landlords who can establish need of a deposit for recovery of such movable objects as keys and ice trays may petition for permission to require such a deposit. The maximum which OPA will allow for this type of security is ten dollars.

Today's action was taken, OPA said, to prevent use of security deposits as a means of evading rent control. In some cases, the agency said, landlords have been requiring advance payment of six months or even one year's rent. Even where a tenant does occupy rented quarters long enough to use up his prepayment of rent, OPA believes that necessity for making these payments imposes an unwarranted burden on the tenant.

Unless the landlord shows he has special need for the collection of a security deposit for the return of movable articles and the OPA authorizes such security deposit, the following limitations are applicable:

1. A landlord whose maximum rent was established by a renting on the maximum rent date, or a renting during the two months ending on that date, may require a security deposit on the same terms and conditions as those provided by the lease or other rental agreement by which the maximum rent was established.

2. Where the maximum rent was established by a "first renting" prior to the effective date of rent control in the area, the landlord may collect a security deposit in the same amount and on the same terms and conditions as provided in the rental agreement under which the accommodations were first rented. However, OPA may issue an order decreasing the the amount of the security deposit or eliminating it entirely. Where such an order has already been issued, or where it is subsequently issued, the landlord may collect or retain a security deposit only as permitted by the order.

3. Where the maximum rent is established by a "first renting" on or after the date rent control became effective in the area, no security deposit may be required or retained even if such a deposit was included in the rental agreement forming the basis for maximum rent.

4. No security deposit may be required or retained for housing accommodations newly constructed with priority rating and having a rent approved by the agency granting priority.

5. For public housing or housing rented under the rent schedule of the War and Navy Department, security deposits may not be required or retained unless they are permitted in the rental agreement in effect on September 1, 1944, the effective date of today's amendments. Where such housing is rented for the first time after September 1, 1944, no security deposit will be permitted.

6. Limitations on security deposits, similar to those already mentioned, are also applicable to hotels and rooming houses.

The OPA concluded by saying this was:

Amendment 33 to the Rent Regulation for Housing; Amendment 30 to the Rent Regulation for Hotels and Rooming Houses; Amendment 9 to the Rent Regulation for Housing in the Miami Defense-Rental Area; Amendment 7 to the Rent Regulation for Hotels and Rooming Houses in the Miami Defense-Rental Area; Amendment 11 to the Rent Regulation for Housing in the New York City Defense-Rental Area; Amendment 12 to the Rent Regulation for Hotels and Rooming Houses in the New York City Defense-Rental Area; and Amendment 3 to the Rent Regulation for Housing in the Atlantic County Defense-Rental Area—all effective September 1, 1944.

N. Y. State Temporary Civil Serv. Employees Entitled To Full Pay

Attorney-General Nathaniel L. Goldstein of New York ruled on Sept. 2 that all temporary State civil service employees promoted during the present war emergency are entitled legally to the same salaries as those applying to permanent promotions, according to Associated Press advices from Albany, N. Y., on Sept. 2, which also had the following to say:

"Mr. Goldstein's opinion replied to a request from the division of the budget, which inquired whether funds may be apportioned from a supplemental appropriation bill to pay employees promoted on a temporary basis the same salaries they would have received on a permanent basis.

"The question deals chiefly with promotions under wartime emergency provisions of civil service rules, which apply to employees hired for the duration and to fill vacancies caused by military leaves.

"A spokesman for the civil service department said it was impossible to estimate immediately how many employees would be affected by the ruling."

The Financial Situation

(Continued from first page)

defense is the familiar one of pointing to similar derelictions in the past by individuals or organizations with which critics have been or are suspected of having been connected or in close sympathy—which, of course, is no defense at all. It is not true that politics, any more than war, is a "sport", or a "contest" in which codes of honor are closely observed in the chivalrous manner commonly attributed to college teams. On the contrary, both are serious efforts of life, and there is little reason to hope that either will be purified of all the elements which might offend the finer sensibilities. Elements in the population quite in contrast to the labor unions and quite at enmity with the Democratic party as it is now organized and operated have in years past been guilty of much which most of us would not defend. It is possible that they may indulge in similar tactics again at some time in the future. All this, however, affords no real excuse for any sort of misbehavior by any group in the population now or in the future.

Unfair to the American People

The real objection to many of the tactics of Mr. Roosevelt, the politician, and Mr. Hillman and the others is not that they are "unfair" in the commonly accepted sense of that term—that is, that they are "unfair" to some one whom they may keep out of public office or turn out of public place. The trouble is that these tactics are unfair to the American people. They are unfair to them because they becloud issues and succeed in causing the elections to turn on issues which either do not exist or at all events are not present in the form the people are led to suppose. They are unfair to the American people because they tend definitely to get in the way of that calm, realistic and dispassionate consideration of issues which alone can promote sane and constructive decisions. This unfairness to the American people is precisely as real and as damaging as it would be had no one else in our entire history ever been guilty of the same or similar sins.

An effective remedy for all this lies in the hands of the American people — assuming that they really want to remedy it. All that is necessary is that the voter keep his eye on the ball and not on the gyrations of the umpire, the pitcher or the bat-boy. No one need for a moment be in the dark about the type of policies that Mr. Hillman favors. He loudly disclaims communistic or socialistic leanings—as anyone must if he is to avoid giving offense to very large numbers of voters. It is, however, not particularly important what name is applied to the type of policies he favors. The important thing is the real nature of the policies and programs. Probably Mr. Hillman himself would not deny—except possibly in a Pickwickian sense for political purposes only—that these policies and programs are the most "advanced" of any seriously sponsored in this country—which is the equivalent of saying that they borrow more extensively from the socialistic or semi-socialistic European systems.

Against the American System

Whether or not designed for that purpose, they would obviously do great damage to our system of free enterprise and individual initiative. Indeed it would scarcely be going too far to say that the American system could scarcely survive the operations Mr. Hillman and his fellow travelers would perform upon the American way of doing things. What most of us have always supposed were the very fundamentals of sound fiscal management; the basic principle of permitting continued possession and enjoyment of the proceeds of one's own energy and ingenuity legitimately applied; the fundamental notion that society functions most effectively when by and large each individual must bear the responsibility for his or her own welfare; the necessity of an employing or entrepreneurial element in society if "jobs" are to be had; and the historically all but universal belief in this country that private individuals spurred on by the prospect of gain for themselves were much better and more vigorous managers of business than politically elected officials would ever be—disregard for these and similar good old American doctrines typifies the whole Hillman school of thought.

If President Roosevelt is this year elected President solely or largely by reason of the assistance of Mr. Hillman and his followers, no one need ask what the general nature of the next Roosevelt Administration will be. Mr. Hillman had no little to do with the development of the New Deal in the first place. Mr. Roosevelt has repeatedly shown a definite inclination to favor precisely the sort of programs Mr. Hillman sponsors. He has in the past, however, been under heavy obligations to various other elements in the population. This has been true of the rather conservatively inclined agricultural population, and of the less radical elements in the so-called labor vote.

The forthcoming election is in many ways a crucial one—and should be so regarded by the American people.

House And Senate Pass Bills For Disposal Of Government Surplus War Property

The Senate on Aug. 25 by a voice vote which was apparently unanimous passed a bill for the disposal of post-war Government surpluses under the direction of an eight-member board and earmarking the receipts to retire the national debt. The bill was sent to conference to straighten out the differences in the bill approved by the House on Aug. 22 which placed the authority in a single administrator. The New York "Times" of Aug. 26 after giving some of the proposals and amendments that were defeated gave the amendments that were approved, as follows:

The Senate adopted an amendment, proposed by Senator Downey of California, under which States and political subdivisions could buy real property, military camps and cantonments and the like at 50% of the highest price offered by a private bidder.

An amendment by Senator Aiken of Vermont forbidding the sale of Government-owned transmission lines to private companies for a year, thus giving priority to communities as prospective purchasers, was approved.

Rural Electrification Administration acquisition priorities would equal those of States, municipalities and tax-supported institutions under an amendment sponsored by Senator La Follette of Wisconsin and accepted by the Senate.

Committee amendments defining and restricting the disposal of contractor inventories by "owning agencies," such as the War and Navy Departments, were effective in winning the final votes of Senators who had opposed the proposal previously.

First disposals would be within the Federal establishment, between one agency and another. To raise the level of the equipment in schools, colleges and medical institutions (the Government expects to have $264,000,000 of surplus medical and dental supplies at the war's end) heavy supplies would be distributed among them.

States, their political subdivisions, tax-supported and other non-profit institutions would receive a discount of 50% in the purchase or lease of surplus property.

Special safeguards are inserted for small business through widespread notices of impending sales and aid by the Smaller War Plants Corporation. The corporation would be given power to purchase surplus property for resale to small business and to make or guarantee loans to small enterprises in connection with the acquisition of plants and facilities.

Real property, of which the Government has acquired more than 34,000,000 acres during the war at a cost of $535,385,816, would be inventoried and classified. Land which was classified as agricultural and suitable for disposition under the Bankhead-Jones Farm Tenant Act would be disposed of by the Agriculture Department under the provisions of that statute. The Interior Department would dispose of surplus land for grazing and production of minerals.

A bill providing for the disposal of Government surplus war property estimated at $75,000,000,000 was previously passed by the House on Aug. 22 without a record vote. Noting that passage came after six days of debate, advices to the New York "Herald Tribune" from its Washington bureau, on Aug. 22, stated that while the bill adhered to the recommendations of the Baruch-Hancock report to the extent of placing the authority in the hands of a single administrator, the measure was amended by the House in several major details wholly at variance with the suggestions made to Congress by William L. Clayton, present Surplus Property Administrator. The advices from which we quote, added:

"At the same time the Senate Military Affairs Committee voted a favorable report on a surplus property bill for Senate consideration, beginning tomorrow, which threw the Baruch report out of the window and placed control of surplus property disposal in the hands of a board of eight members, to be appointed by the President, with four members authorized to sit in as observers at the board's meeting.

"The House bill placed a limitation on the powers of the administrator by preventing the sale of naval ships without Congressional approval and requiring a six-months' notice to Congress before the sale of Government-owned synthetic rubber and aluminum plants and pipelines for transportation of oil.

"The Senate bill would tie a tight Congressional string to the disposal not only of aluminum and synthetic rubber plants, but those built by the Government for production of magnesium, chemicals, aviation gasoline, iron and steel. Lesser hindrance would be placed on the board's action on aircraft plants, shipyards, transportation and radio facilities and electrical equipment deemed to be surplus.

"Further, the Senate measure would completely upset the present method of Government sale of surplus land, placing farm lands in the hands of the Agriculture Department and mineral and grazing lands in those of the Department of the Interior. Under a directive of the surplus property administration the disposal of surplus land is now being undertaken by the Reconstruction Finance Corporation.

"One of the most important amendments to the bill adopted by the House before passage would require that all funds realized from the sale of surplus property be set aside in a special fund to be used only for retirement of the national debt. The original bill would have placed such funds in the miscellaneous receipts of the Treasury.

"The ban on warship sales, tentatively approved yesterday, stirred a battle on the House floor today over the form such an amendment should take, but the issue was settled by a modification of the original proposal approved yesterday, which would have taken the disposal of all Navy Department surpluses out of the hands of the Administration."

In Associated Press accounts from Washington Aug. 22 it was stated that under the House bill the surplus property director would receive $12,000 a year. These advices, as given in the "Wall Street Journal," also said:

"Other provisions of the House measure would set up a board of the Administration's highest officials to advise the director and require the director to submit a report to Congress every three months.

"Policies set down in the legislation require the agency to give public, governmental, educational and charitable institutions an opportunity to obtain surplus war property, give returning veterans a chance to establish themselves as businessmen by purchasing some of the equipment and allow property owners a priority to reacquire what the Government conscripted or got by condemnation from them.

"The House accepted amendments requiring Congressional approval before the Government may dispose of any synthetic rubber or aluminum plant or any of the big oil pipelines; requiring approval of the advisory board before any plant costing more than $1,000,000,000 to build may be sold; granting small business a priority at obtaining surplus property in small lots.

"In addition to calling for an eight-man board instead of centralized authority under one man, the Senate bill differs in other important respects from the House measure. It would:

"1. Place the departments of Interior and Agriculture in joint control of more than 30,000,000 acres of land acquired by the Government during the war. Farming land would be disposed of by the Agriculture Department under a system of purchase priorities favoring former owners, tenants and war veterans.

"2. The Office of War Food Administrator Marvin Jones would be given authority over the disposal of surplus foods, cotton and woolen goods, with instructions to frame such policies as would prevent a breakdown of farm prices.

"The House bill would leave both farm lands and surplus agricultural commodities under the over-all suspension of a single administrator.

"The Senate Committee bill, which now goes to the floor for debate tentatively scheduled to start today, would thus have the effect of nullifying a recent order by Administrator Clayton which placed lands disposal under the jurisdiction of the Reconstruction Finance Corporation."

Earnings of Steel Industry Declined 9% First 6 Mos.

The total amount of money earned by the steel industry in the first half of 1944 declined still further from peacetime levels and was at a rate of return of less than 4.5% of investment, it is indicated in a report released by the American Iron and Steel Institute on Aug. 31, and which further states:

"After meeting all charges but before payments to stockholders, a group of companies representing more than 90% of the industry's capacity showed aggregate net earnings of $86,099,000 in the first six months of 1944. Those wartime earnings were 9% below the total of $94,522,000 earned in the corresponding period of 1943 and were little more than half of the total of $159,054,000 earned in the first half of 1937 when production of steel was almost 30% below what it is this year.

"The rate of return on investment during the first six months of this year, less than 4.5%, compares with 4.9% in the corresponding 1943 period and with 8.3% in the first six months of 1937.

"Although net earnings were down substantially, total payrolls of the industry, including those of certain subsidiary companies which do not produce iron and steel, rose to new peaks. During the first half of this year more than $1,318,264,000 were paid out to employees of the industry, compared with payrolls of $1,236,485,000 in the first half of 1943 and with $580,643,000 in 1937.

"Reflecting the decline in net earnings of the industry, dividend payments to stockholders dropped in the first half of 1944 to $68,556,000 as against $69,372,000 in the corresponding 1943 months and $72,813,000 in the first half of 1937.

"The reduced profits likewise brought a decline in the amount of Federal income and profits taxes as compared with the corresponding 1943 period. A total of $253,138,000 in such taxes was paid in the first half of last year, but in the same period of this year such taxes amounted to only $185,807,000.

"In consequence total tax payments of the industry in the first six months of this year were below the corresponding period a year ago, amounting to $266,002,000 as against $335,178,000 a year ago. In the first half of 1937 total tax payments of all kinds aggregated only $86,439,000."

Secrecy Policy At Dumbarton Oaks Explained In Statement By Stettinius

Edward R. Stettinius, Jr., Under-Secretary of State, on Aug. 29 issued a statement explaining the secrecy policy adopted in the Dumbarton Oaks Security Conference, which was given in Associated Press accounts from Washington on the same day as follows:

There has been some misunderstanding about the reasons for reticence in regard to our joint discussions at Dumbarton Oaks concerning an international organization to prevent war and secure peace.

The preliminary discussions which are now taking place there are exploratory and designed to reach a common understanding. Embarrassment would ensue to the conferring governments if piecemeal reports of expressions of views advanced from day to day were construed as representing unalterable positions or as having a binding effect. I am sure that anyone who gives the subject careful consideration will understand this.

It has always been recognized throughout the whole history of the United States, that an expression of opinions in confidence is an indispensable prerequisite to successful procedure in the preliminary work involved in reaching agreements.

From the time of the Constitutional Convention of 1787 right down to the present, private discussions have always preceded public announcements.

In our national political conventions the committees hold public hearings, but they go into executive sessions to draft the platforms of the parties.

In the halls of the Congress matters are referred to committees, which hold public hearings and obtain the views of various elements, but the committees then go into executive session and draft documents which are submitted to the appropriate Houses of Congress. Such is the practice of the Foreign Relations Committee, of the Foreign Affairs Committee, of the Ways and Means Committee, and of all the committees of each House of Congress.

The object of this procedure is to obtain a calm exchange of views as a contributing factor to eventual agreement expressive of the ideas upon which those responsible have been able to formulate a concurrence.

The conversations at Dumbarton Oaks are no different in this respect from any other conference, except that in this instance it is a matter of international as well as of domestic concern.

The representatives of the other agencies of our Government invested by this Constitution with authority over these matters and are being consulted and kept thoroughly informed of developments.

It has been agreed that the heads of the three delegations will join in issuing statements which will carry information about the progress of the discussions. These statements will necessarily be general in form. To go beyond this and describe the discussions in detail would be not only discourteous but improper, in view of the fact that the representatives of the other governments represented at the conference must enjoy the opportunity to consult their own governments before "meeting of minds" can be arrived at.

It needs to be kept in mind that there remain to be held the impending conversations with the Chinese.

It should be obvious that in giving full considerations to all suggestions which may be advanced by the several governments engaged at this stage in the formulating of the common proposals, the participants in the present conversations should continue to discuss with the Chinese delegation the approach of their Government to the subject and to bring the views of all the delegations into a common alignment.

Before any binding commitments are made there will be full opportunity for public discussion. As Secretary of State Cordell Hull said so well at the opening of the conversations:

"It is the intentions of the Government of the United States that after similar consultations with the Government of China the conclusions reached will be communicated to the governments of all the United Nations and of other peace-loving nations.

"It is our further thought that as soon as practicable these conclusions will be made available to the peoples of our countries and of all countries for public study and debate."

Method Of War Bond Redemption Simplified

Dispensing of the old, slow method of having war bonds cleared through a Federal Reserve Bank or the Treasury before they can be turned into cash, the Treasury announced a new simplified method of war bond redemption to go into effect Oct. 2.

Associated Press Washington advices further stated on Aug. 29 that "under the new plan individual owners or co-owners of bonds can turn them into cash by presenting them to any commercial bank or trust company which has qualified for the service. The bank will pay the full redemption value immediately upon satisfactory identification and without charge to the bond owner."

Redemption agencies will be paid 15 cents each for the first thousand bonds cashed, 12 cents for second thousand and 10 cents per bond for all over 2,000 cashed during the quarterly payment period. Any incorporated bank or trust company may become a redemption agency.

The same report goes on to say:

The plan applies to series A, B, C and D savings bonds sold between 1935 and 1941, as well as the popular series E war bond, but it does not apply to series F and G war bonds.

In announcing details of the plan, Secretary Henry Morgenthau, Jr., said he hoped the simplification "will not encourage bond owners to present bonds for payment except in cases of absolute necessity," because "huge sums are still to be required before we can return to a normal period."

N. Y. State Factory Jobs Drop 2.1%, Payrolls 3.3%

New York State Industrial Commissioner Edward Corsi announced on Aug. 16 that factory employment in New York State dropped 2.1% between June and July. This was the greatest decline in any month since the November peak. The cumulative decrease for the eight-months period was 10.5%, said the Commissioner, who also stated:

"Further reductions at war plants coupled with seasonal decreases in the apparel industry were the predominating factors causing the drop in July. Payrolls decreased 3.3% with vacations, increased absenteeism and decreased working hours as contributing factors.

Decreases in employment and payrolls were also reported in the tobacco, textile, leather and abrasive industries. Food, lumber and petroleum products were the only industries with increases in both employment and payrolls.

"The index of factory employment based on the average of 1935-1939 as 100 was 144.5 in July, a decrease of 9.4% from July a year ago. The payroll index was 273.7, a drop of 3.5% from the July, 1943, figure. Average weekly earnings were $46.93, compared with $47.53 in June and $44.05 in July a year ago. The foregoing statements are based on tabulations by the Division of Research, Statistics and Publications under the direction of Dr. M. B. Givens and cover reports from 3,157 factories in the State.

"Severe declines in employment and payrolls occurred among the war industries, where decreases were sharper than in any month since the beginning of the downward movement. While cutbacks in the aircraft industry were mainly responsible for these decreases, other war plants also shared in the general decline. These include ordnance, iron and steel, electrical machinery, shipbuilding, and scientific instruments. Net losses for the metals and machinery group as a whole amounted to 3.2% in employment and 4.7% in payrolls.

"The apparel industry suffered the greatest decreases in employment and payrolls for the month, amounting to 7.2 and 5.7%, respectively. Women's dress firms reported drastic cuts with many factories closed for vacations. Most other branches of the clothing industry felt the effects of seasonal declines; these included men's suits and furnishings, women's blouses, underwear and accessories, children's wear and fur goods. Women's suit and coat houses, however, continued to expand and milliners reported increases with the start of a new season.

"Large increases in the working force of canneries were the chief reason for an employment gain of 9.8% in the food industry. Many factories doubled or tripled their forces, some employing Jamaicans and prisoners of war. Additional workers were also hired in the meat packing, ice cream, flour and cereal, baked goods, soft drink and brewery industries. Some overtime was reported in breweries. Sugar refineries, candy factories and condiment plants were the only ones in the food group to have decreased employment and payrolls." The Commissioner further reported:

"Every branch of the textile industry showed decreased employment and payrolls. Rayon mills reported an unusual amount of absenteeism.

"In the leather industry, plants making gloves and handbags operated with fewer workers. Payrolls increased in the glove industry because of the settlement of labor troubles in one firm and a new government contract in another. The shoe industry had a slight increase in employment but payrolls were smaller. The net result for the leather group was a decrease in employment of less than 1% and a loss of more than 2% in payrolls."

Change Eligibility Rule Of Giannini Endowment Prizes

Contestants in the National Public Speaking Contest for the A. P. Giannini Educational Endowment prizes at the 1945 conference of the American Institute of Banking will be required to complete only two Institute courses leading to certificates, rather than the four certificate courses previously needed to qualify as eligible for the contest.

The change in the eligibility rule was announced on Aug. 31 by the Administrative Committee of the A. P. Giannini Educational Endowment and will apply to the 1945 public speaking contest only, according to a letter to AIB Chapter Presidents, which said: "The Committee felt that this change was necessary in view of present-day conditions and hopes that it will induce a greater number of AIB members to participate in the 1945 contest."

Constitution Of United Nations Food Organization Ready For Submission To Governments

Would Undertake Post-War World Agriculture and Food Problems

The proposed constitution of the Food and Agriculture Organization of the United Nations is now ready for submission to the United Nations Governments for their acceptance, it was announced on Aug. 22, by L. B. Pearson, Canadian Minister in Washington on behalf of the United Nations Interim Commission on Food and Agriculture of which Mr. Pearson is chairman. The permanent international organization is designed to advance agricultural production and food distribution throughout the world. The constitution of the food organization was written by the Interim Commission created by the United Nations Conference on Food and Agriculture held at Hot Springs, Va., in the spring of 1943, reference to which was made in our issue of June 3, 1943, page 2074. The organization will come into being when 20 nations have accepted the constitution. The advices from Washington just made public regarding the constitution and its objectives states:

"The constitution, which sets up a permanent world body in this field, represents the unanimous approval of the representatives of the 44 collaborating governments following studies and conferences over the last 12 months. FAO is shaped to undertake on a continuing basis after the war the world agriculture and food problems that are being met only as a wartime and war-connected problem by the United Nations Relief and Rehabilitation Administration (UNRRA).

"In a report on the purposes of FAO and the constitutional objectives, the Interim Commission states that it seeks to take advantage immediately of the wartime and immediate post-war 'conditions of fluidity particularly favorable to the adoption of sound and thorough-going measures to meet these problems (of agriculture and food distribution).'

"Functions of the Food and Agriculture Organization under its constitution are outlined as follows:

"1. The Organization shall collect, analyze, interpret, and disseminate information relating to nutrition, food and agriculture.

"2. The Organization shall promote and, where appropriate, shall recommend national and international action with respect to:

"a. Scientific, technological, social and economic research relating to nutrition, food and agriculture;

"b. The improvement of education and administration relating to nutrition, food and agriculture, and the spread of public knowledge of nutritional and agricultural science and practice;

"c. Conservation of natural resources and the adoption of improved methods of agricultural production;

"d. Improvement of the processing, marketing and distribution of food and agricultural products;

"e. Adoption of policies for the provision of adequate agricultural credit, national and international;

"f. Adoption of international policies with respect to agricultural commodity arrangements.

"The scope of the FAO effort will include fisheries, forestry and forest products and non-food agricultural products.

"Constitutionally FAO would be the top agency for the organization and administration of international credits in its field and should participate in the management of any international credit organization 'in order to provide for due consideration of agricultural interests in the determination of general international credit and investment policies.'

"FAO in formulating its constitution took the view that 'in the struggle for food, mankind has been indifferently successful. If millions have enough, more millions have too little, and many starve.'

"The organization envisages as among its functional objectives such social elements as rural schools, roads, consumer and producer cooperatives, communication, electrification, housing, sanitation, land venure and other rural facilities.

"FAO would have regional and national organizational setups and would call upon experts from all areas and nations. (It acknowledges as an immediate handicap the fact that experts of the various Governments at present are committed to duties in connection with the war, which tends to delay the integration of such necessary intellects into its final, continuing organization.)

"FAO would be given the legal status of a corporate person to perform any legal act appropriate to its purpose, within the powers granted by its constitution.

"Any government member is given the right of withdrawal after four years from the date of acceptance of the constitution, and provision is made for inclusion of new members in the future. Constitutional amendment will be by a two-thirds majority.

"After 20 notifications of acceptance the constitution shall come into force. Temporary headquarters will be in Washington, D. C.

"Provisional budget of $2,500,000 is proposed for the first fiscal year, to be contributed by the founding members in the following percentages:

"Australia, 3.33; Belgium, 1.28; Bolivia, 0.29; Brazil, 3.48; Canada, 5.06; Chile, 1.15; China, 6.50; Colombia, 0.71; Costa Rica, 0.05; Cuba, 0.71; Czechoslovakia, 1.40; Denmark, 0.62; Dominican Republic, 0.05; Ecuador, 0.05; Egypt, 1.73; El Salvador, 0.05; Ethiopia, 0.29; France, 5.69; Greece, 0.38; Guatemala, 0.05; Haiti, 0.05; Honduras, 0,05; Iceland, 0.05; India, 4.25; Iran, 0.71; Iraq, 0.44; Liberia, 0.05; Luxembourg, 0.05; Mexico, 1.87; Netherlands, 1.38; New Zealand, 1.15; Nicaragua, 0.05; Norway, 0.62; Panama, 0.05; Paraguay, 0.05; Peru, 0.71; Philippines, 0.25; Poland, 1.19; Union of South Africa, 2.31; U. S. S. R., 8; United Kingdom, 15; U. S. A., 25; Uruguay, 0.58; Venezuela, 0.58; Yugoslavia, 0.71, and provision for new members, 2% (total 100%).

"The report foresees a necessarily gradual progress and recognizes that 'men do not readily adjust traditional ways to new conditions, and there are many obstacles to be overcome. But a start can be made at once. Changes in the economic and special arrangements of nations will be needed. The redirection would not be wholly new; it is in line with an evolution that has been hastened in our time.'"

Money In Circulation

The Treasury Department in Washington has issued its customary monthly statement showing the amount of money in circulation after deducting the money held in the U. S. Treasury and by Federal Reserve Banks and agents. The figures this time are those of July 31, 1944, and show that the money in circulation at that date (including of course that held in bank vaults of member banks of the Federal Reserve System) was $22,699,352,632 as against $22,504,077,880 on June 30, 1944, and $17,954,587,757 on July 31, 1943, and compares with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the first World War, that is, on June 30, 1914, total was $3,459,434,174.

Procedure Prescribed For Terminating Bank-Guaranteed T-Loans On Cancelled War Contracts

Uniform procedures for Federal Reserve bank guarantee of termination loans (T-loans) made by commercial banks to contractors whose war contracts are canceled were prescribed on Aug. 24 by Robert H. Hinckley, Director of Contract Settlement, in his first general regulation. T-loans enable any war contractor to convert into cash at his local bank approximately 90% of the sound value of his war assets frozen by contract termination. The lending bank, in turn, is protected on its loan by Federal Reserve bank guarantee. Subcontractors, as well as prime contractors, are eligible for T-loans.

The procedures promulgated as Regulation No. 1 of the Office of Contract Settlement were formulated by a committee made up of representatives of the War Department, Navy Department, United States Maritime Commission, and the Federal Reserve Board and were approved by the Contract Settlement Advisory Board established by the Contract Settlement Act of 1944.

Mr. Hinckley said that to speed up the granting of small loans in the field, the Federal Reserve banks, as fiscal agents, have been authorized to approve T-loan guarantees totaling $500,000 or less to a single borrower.

The regulation states in part:

"The requested percentage of guarantee should not ordinarily be questioned by the Federal Reserve Bank or the contracting agency if it does not exceed 90%; and a contracting agency should not authorize a percentage of guarantee in excess of 90%, or 95% in the case of small loans, unless the circumstances clearly justify the financing institution in requesting it and other means of interim financing are not promptly available.

"The borrower's certification of his investment in termination inventories and receivables and of amounts payable to subcontractors should not be questioned by the Federal Reserve Bank or the contracting agency unless there is reason to believe it is substantially overstated in value."

Accompanying Regulation No. 1, the Office of Contract Settlement made available the texts of its standard T-Loan Guarantee Agreement, Termination Loan Agreement and Explanatory Notes with reference to these agreemens.

The funcions of the Office of Contract Settlement, as outlined in the enabling Act approved July 1, 1944, are:

1. To facilitate maximum war production during the war, and expedite reconversion from war production to civilian production as war conditions permit.

2. To assure to prime contractors and subcontractor, small and large, speedy and equitable final settlement of claims under terminated war contracts, and adequate interim financing until such final settlement.

3. To assure uniformity among Government agencies in basic policies and administration with respect to such termination settlements and interim financing.

4. To facilitate the efficient use of materials, manpower, and facilities for war and civilian purposes by providing prime contractors and subcontractors with notice of termination of their war contracts as far in advance of the cessation of work thereunder as is feasible and consistent with the national security.

5. To assure the expeditious removal from the plants of prime contractors and subcontractors of termination inventory not to be retained or sold by the contractor.

6. To use all practicable methods compatible with the foregoing objectives to prevent improper payments and to detect and prosecute fraud.

The text of General Regulation No. 1 follows:

Pursuant to the authority conferred upon me by Sections 4 (b) and 8 (c) of the Contract Settlement Act of 1944, I hereby prescribe the procedure for the guaranteeing of termination loans by the War Department, the Navy Department and the Maritime Commission through the Federal Reserve Banks, outlined in the Guarantee Agreement, the Loan Agreement, and Explanatory Notes attached hereto as exhibits A, B, and C, respectively.

Technical amendments not affecting policy may be made in exhibits B and C by agreement among the War and Navy Departments, the Maritime Commission and the Federal Reserve Board.

In the execution of this procedure the following policies will be observed:

1. Termination loan (hereinafter called T-Loan) guarantees should not be refused by the contracting agency having the preponderant interest in the borrower's war contracts if the borrower is or has been engaged in performing an operation connected with or related to war production, except in such classes of cases as may be prescribed by the Director. The borrower's certification of his investment in termination inventories and receivables and of the amounts payable to subcontractors should not be questioned by the Federal Reserve Bank or the contracting agency unless there is reason to believe that it is substantially overstated in value. Financing institutions should be encouraged to make unguaranteed production and termination loans, and the fact that a financing institution has made such an unguaranteed loan shall not affect its right subsequently to apply for a T-Loan guarantee, even if the proceeds of the T-Loan are used to retire the existing loan.

2. If a contracting agency which utilizes the Federal Reserve Banks as fiscal agents for T-Loan guarantees has local representatives in connection therewith, it should delegate to such banks authority to approve, after consultation with and in the absence of objection by such representatives, all applications for guarantees of loans totaling (a) $500,000 or less to any one borrower when the requested percentage of guarantee is not in excess of 90%, and (b) $100,000 or less to any one borrower when the requested percentage of guarantee is not in excess of 95%. Any such contracting agency which does not have such local representatives will provide them in the localities where, and at the times when, it is determined that they are required, in the light of its prospective volume of contract terminations and after consultation with the Director, and in the absence of such representatives should delegate such authority to the Reserve Banks as is necessary to insure prompt processing of applications for and execution of such guarantees.

3. Conditions other than those required under the standard loan agreement should be prescribed by the contracting agencies or the Federal Reserve Banks only in exceptional circumstances and when they are clearly necessary to protect the Government's interest. Additional conditions agreed upon by the borrower and the financing institution, if not unreasonable and not inconsistent with the standard loan agreement, should not be objected to by the contracting agency or the Reserve Banks.

4. The requested percentage of guarantee should not ordinarily be questioned by the Federal Reserve Bank or the contracting agency if it does not exceed 90%; and a contracting agency should not authorize a percentage of guarantee in excess of 90%, or 95% in the case of small loans, unless the circumstances clearly justify the financing institution in requesting it and other means of interim financing are not promptly available.

5. In general, the percentages in the loan formula certificate agreed upon by the financing institution and the borrower should not be questioned by the Federal Reserve Bank or the contracting agency. After consultation with the Board of Governors of the Federal Reserve System, the contracting agencies will, to the extent practicable, specify general criteria or standard maximums which may be employed in typical classes of cases.

Eric Johnston Appoints Insurance Executives

President Eric A. Johnston of the Chamber of Commerce of the United States announced on Aug. 31 the appointment of 29 of the country's leading insurance executives to membership on the Chamber's 1944-1945 Insurance Committee. The members are from 18 cities and represent principal sections of life, casualty, fire and marine insurance.

At the same time, Mr. Johnston disclosed that two special sections on marine and aviation insurance have been added to the Committee so that specific study may be given to post-war plans and developments relating to the growth and expansion of these important fields of insurance.

In his announcement, President Johnston said:

"Today with the horizons of victory more clearly discernible, the protection of life and property and the many other basic services of insurance in the public interest are now more vital than ever before, especially in the sense of preserving without impairment our institutions and competitive system.

"The nation's insurance industry—companies and producers—in war and in peace, presents a splendid example of achievement in the American system. As a public service institution, providing a bulwark of security for industry, family and individual, it represents capitalism at its best. It is a stabilizing influence for our American economy and productive power. In the post-war era of clearly indicated, unprecedented expansion of peace-time business and commerce, the insurance industry will inevitably attain even greater heights in accomplishment and service.

"Thus, the Chamber's Insurance Committee, representing as it does all fields of insurance, is admirably adapted to make particularly valuable contributions to the Chamber's work of speeding victory and preparing the nation for its task of reconstruction. The Committee's various functions include (1) recommendation of economic policy and legislative action in connection with questions affecting insurance carriers and policyholders; (2) the correlation of the services and needs of insurance with those of other business represented by the Chamber; and (3) the fostering of united effort in furtherance of Chamber policies."

James L. Madden, Vice-President, Metropolitan Life Insurance Company, will be Chairman of the Committee for the third consecutive year.

The first meeting of the new Insurance Committee will be held in Washington, D. C., Thursday, September 21, in the Chamber's board room. Closely related to the conservation work of the Committee, are the activities of the National Fire Waste Council and Health Advisory Council also aligned with the National Chamber's Insurance Department.

Nation Counts On American Labor To Aid In Solving Peace Problems, Gov. Dewey Declares

In a message to the New York State Federation of Labor, in annual convention at Albany on Aug. 21, Gov. Thomas E. Dewey stated that "we have real cause to hope that if our efforts do not flag here at home, our fighting men abroad will have made it possible for the next annual convention of the Federation to devote its concentrated attention to the complex problems of peace which will confront us."

He also stated that "the nation will be counting on the American labor movement and its leaders to make a major contribution to solving those vital problems and solving them in a new way—I mean a way which provides not doles but jobs for all."

The following is the Governors' message as given in Albany advices Aug. 21 to the New York "Herald Tribune," by Paul Tobenkin:

"Your President, Tom Murray, has sanctioned this once the breaking of a hallowed precedent which both you and I respect. That precedent requires the Governor of the State of New York to appear personally and address the New York State Federation of Labor.

"He understands, and I know you will too, that the press of my obligations and responsibilities at this time make it impossible for me to be on hand. After all, there is probably no group in the State of New York which can understand better how the necessary and unnecessary problems we have had to live with in wartime have made almost limitless demands on public officials. For you are, in a sense, public officials yourselves.

"Each one of you has been elected by a constituency of wage earners to a position of trust which bears directly on the public welfare.

"You, too, have had to live with the boards, the regulations and the directives and have had to wait through what seemed interminable delays for answers to vital problems, meanwhile being subject to mounting pressure to get the decisions you sought.

"You have also seen, and held your temper though you were outraged, how other, less patriotic people have taken advantage of the delays while you cautioned patience, I know that the job of being a business agent or union representative is hardly a bed of roses. But I also know it must have compensations in your knowledge that you have put winning the war above all other considerations.

"You have done your job supremely well and no one can dare to question the patriotism of your organizations. Although New York is first among industrial states of the nation, its war-time strike losses are among the lowest in the nation.

"This is a great record, and it has been made by you through the responsiblity and character you have given to the organizations you represent. I like to think the state administration has made some contribution to that record by having an understanding of your problems and being prepared to co-operate realistically in the maintenance of industrial peace.

"I know of no reason why the stability which you, and the New York industry, and the State Government together have achieved cannot be duplicated nationally.

"We have real cause to hope that if our efforts do not flag here at home our fighting men abroad will have made it possible for the next annual convention of the New York State Federation of Labor to devote its concentrated attention to the complex problems of peace which will confront us. The nation will be counting on the American labor movement and its leaders to make a major contribution to solving those vital problems and solving them in a new way—I mean a way which provides not doles but jobs for all.

'You have my best wishes for making successful your deliberations in Syracuse. I know that you will, at this convention, as you have always done in the past, be guided by counsels of moderation and wisdom which are the products of your rich experience."

Lend-Lease Shipments Of $1,400,000,000 To China And India Announced By FEA

Total Shipments In May Of 1944 At $1,159,000,000 To All Areas

Almost $1,400,000,000 worth of lend-lease supplies were shipped by the United States to the China-Burma-India theatre of operations from the beginning of the war to May 1, 1944, according to a statement issued on July 16 by Leo T. Crowley, Foreign Economic Administrator, who added:

"Three-quarters of the supplies consisted of planes, tanks, guns and other military equipment for the Chinese, British and Indian forces fighting side by side with American forces in this theatre against the Japanese.

Lend-lease exports to the China-Burma-India theatre through April 30 were as follows:

Ordnance	$216,319,000
Aircraft	269,404,000
Tanks and vehicles	270,187,000
Watercraft	25,141,000
Agricultural products	65,177,000
Industrial items	322,328,000
	$1,168,556,000

In addition to the totals listed above, more than $217,000,000 of war materials have been consigned to Lt. Gen. Joseph W. Stilwell, to be transferred to the Chinese forces. The major share of these consignments consisted of ordnance, totaling nearly $134,000,000; tanks and other vehicles, $63,000,000, and miscellaneous equipment and supplies, $20,500,000.

The Superfortress attacks on Japan's industry have been possible only through the cooperative effort of our Allies in this theatre. Tens of thousands of Indians worked with American engineers in creating the Indian bases for the big B-29 planes. In China, an estimated 400,000 Chinese labored with their bare hands and the crudest kind of implements to lay out field surfaces of stones, mud, plaster, bamboo and native woods, and then with equipment that had to be flown "over the hump" from India to equip the bases for the giant planes.

Recent reports from China-Burma-India theatre indicate continued successes by British, Chinese and Indian forces using lend-lease equipment in addition to that produced in their own countries. Some 40,000 Japanese casualties are reported on the 700-mile Burma front as a result of British action and more than 17,700 Japanese killed in eight months by the Chinese-American forces under General Stilwell in northern Burma.

Farley Although Opposed To Third Or Fourth Presidential Term Will Support Roosevelt

James A. Farley, former national Democratic Chairman, who voted against a fourth term nomination for President Roosevelt, announced on July 21 that he would support him in the November election. Associated Press accounts from Chicago reporting this on the date above, stated:

Farley, who guided Franklin D. Roosevelt to the Presidency in 1932 and 1936, thus followed the same course he did in 1940 when he opposed a third term nomination but voted for the President that year.

Immediately after the nomination of Senator Harry S. Truman of Missouri for the Vice-Presidency today, Mr. Farley issued this statement.

"I have been opposed on principle to a third or fourth Presidential term. For that reason I voted for the nomination of Senator Harry F. Byrd of Virginia.

"Having participated in the proceedings of the convention I accept its decision and will support the party nominees."

Regarding the New York vote at the Democratic National Convention in Chicago it was reported in July 21 advices to the New York "Herald Tribune" that Mr. Farley rescued the convention from a jam into which it had been plunged on the taking of the first ballot for Vice-President by the neglect of Edward J. Flynn and his lieutenants to poll the New York delegation before coming to the convention. The advices from which we quote added:

"Mr. Farley suggested that a fair estimate of the vote be announced by James W. Gerard, former Ambassador to Germany, when New York was reached on the roll call. He further suggested that some one then challenge the vote as announced. Henry Epstein, an advocate of Vice-President Wallace, had agreed to do this anyway, as he was apprehensive of the vote that would be handed to Mr. Gerard by the party chiefs, who favored Senator Truman.

"The convention, unaware of the cause of the challenge, groaned when Mr. Epstein questioned the accuracy of the announced vote and demanded a poll of the delegation.

"Mr. Gerard's estimated vote, compiled by Paul E. Fitzpatrick, state chairman, was: Truman, 65; Wallace, 30½; Barkley, one-half. The corrected vote, as announced from the rostrum at the close of the poll, was: Truman, 69½; Wallace, 23; Barkley, one-half; absent three."

Farmers Use But Fifth Of Credit Available

A survey by the Agricultural Commission of the American Bankers Association shows that 11,000 country banks in 1944 have $4,840,555,000 available for crop production loans, compared with $935,764,000 in such loans actually in use by farmers at the beginning of the year. The Commission said that these figures are indicative of the capacity of banks to meet all financial needs of agriculture.

The Association points out that the importance of the service rendered by banks in advancing farmers money to finance crop production was emphasized by the survey figures which show that 2,340,056 or 38% of all of the farmers in the United States used such loans from their banks in 1943.

"The fact that banks had more than five times the amount needed by farmers for financing their crop is the answer to those who sometimes charge that banks cannot be depended upon to take care of farmers' credit needs," asserted Otis A. Thompson, Chairman of the ABA Agricultural Commission, who is also President of the National Bank and Trust Co., Norwich, N. Y. He added:

"The unparalleled liquidity of the banking system should give assurance that the extension of sound credit to farmers will not again be curtailed. Things have changed and much has been done to avoid a return to the experience of depression years. The ability of the Federal Reserve System to discount farmers' notes has been greatly increased; the Federal Deposit Insurance Corp., insuring as it does the deposits in more than 90% of the banks of the nation, will beget confidence and stability in any economic depression.

"It is important to note that more than $4 billion available to farmers for loans is a minimum figure, since it takes no account of the vast lending power available to country banks through rediscounting at the Federal Reserve Banks or at their city correspondents. If all excess reserves and if all potential borrowing power of the country banks were included, it is conservatively estimated that they could lend from $10 to $20 billion to finance the nation's agriculture this year."

The Association says:

"The figures obtained from 9,066 of the 11,000 country banks in the United States which make crop production loans show that farmers' need for bank credit may vary with the types of farming and products most prevalent in the large geographical divisions of the United States.

"Farmers in the North Central States, including the Mississippi Valley, were largest users of crop production loans. In the States of Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North and South Dakota, Nebraska and Kansas a total of 1,311,753 or 63% of all farmers borrowed from banks last year. Early in 1944 they had loans outstanding of $464,955,000, while their banks had available for their use in financing crops or livestock $2,257,674,000.

"In States bordering the Atlantic Coast, where large numbers of farms supply great metropolitan areas with garden produce, poultry and similar commodities in cash markets the need for such financing was less. In the North Atlantic States, including Maine to Pennsylvania, 123,465 or 26% of all farmers used crop production loans last year and $49,612,000 was outstanding, compared with $317,123,000 the banks have available and willing to loan to them. In the South Atlantic States, from Delaware to Florida, 176,593 or 17% of all farmers used their bank credit in 1943 with $42,794,000 outstanding, while their banks could have served them with as much as $371,122,000.

The South Central States, covering the region including Kentucky and Texas, reported that 513,415 or 26% of all farmers obtained crop production loans from banks last year and that $195,032,000 remained outstanding at the beginning of 1944. This compares with $996,077,000 the banks have available. In this area financial needs of farmers vary widely as between the States as shown by Louisiana, where only 12,833 or 9% of all farmers used crop production loans last year, of which $6,878,000 remained outstanding compared to Oklahoma, where 153,941 or 86% of all farmers borrowed from banks to finance crops and $29,114,000 remained in use at the beginning of this year.

The Western States, including Mountain and Pacific Coast areas, show 214,830 or 42% of all farmers using bank services in 1943 for crop production loans, of which $183,371,000 remained outstanding, while the capacity of banks for such loans was $898,559,000. Nevada had only 786 farmers or 22% needing such loans last year, of which $2,382,000 remained in use Jan. 1, while 43,109 farmers or 33% in California sought aid from banks and continued to use $72,774,000.

From Washington Ahead Of The News

(Continued from first page)

It would perhaps be just as well if the Congressional committees let Hillman alone. They don't seem to be able to get anything out of him. Instead, they serve as vehicles for him to tell of his virtues. The literature with which his outfit is flooding the country would alone cost more money than the committees would seem to be able to find out has been spent. It is doubtful if this country has ever known anything like it. They are even distributing comic strips. And certainly Hillman is too modest when he says he has no ambition to take over the Democratic Party. He has already done it insofar as this campaign is concerned. There is not the slightest doubt that the Democratic National Committee occupies a secondary position in the campaign and that Mr. Roosevelt is looking to Sidney's campaign to reelect him.

* * *

Bill Bullitt, who was one of Mr. Roosevelt's aces in the "world machinery" before the war, a machinery that is now apparently to be surmounted with a super-duper structure, has again justified his reputation as a bull in a China shop, with his magazine story that we are letting Russia getting away with the communizing of Eastern Europe. Bill points out that after Hitler turned on Stalin, the emotional Harry Hopkins was sent over to Moscow and, without attempting to get any agreement out of the Moscow head, came back and ordered that lend-lease be extended to him.

Bill is concerned over the fate that awaits Poland, and he has reason to be. It was he, who as our Ambassador to France, got the Polish Government to resist Hitler. It was he who brought the Polish Premier Beck to London to sign a pact with Britain and France. He is said to be very bitter against Mr. Roosevelt now because the latter wouldn't let him have a commission in the American Army. He is serving as a Major with the French.

* * *

It would not be surprising if the true story of Pearl Harbor came out during this campaign. The New Dealers are finding it a troublesome issue, particularly out on the Pacific Coast. Recently New Deal Congressman Magnuson of Washington, who is running for the Senate, felt the heat so strongly that he said, although he was a Democrat, he thought the story ought to be told. He gave it as his understanding of what occurred, that the Japanese "peace" emissary told Secretary Hull that unless our fleet was kept in the harbor he would not be able to handle the War Party at home. Hull very promptly said that not only did the peace emissary not make any such request but the State Department made no such request of the Army and Navy. The question of whether the fleet was ordered to stay in the harbor by Washington is yet to be answered. If there is one thing certain, it is that Hull doesn't intend to let the responsibility for this disaster be pinned on him. He has told his friends of this determination.

That the fleet was really ordered into the harbor by Washington over the protest of high Naval officers has been the generally accepted story in Congress for a long time. And members of Congress get their information from Naval officials.

Sen. Bridges Assails Secrecy Policy At Security Conference

The Senate was cautioned on Aug 28 by Senator Bridges against the secrecy imposed on the Dumbarton-Oaks security conference and said Congress will "not stand for the double-talk" surrounding United States proposals for an international peace organization it was revealed in Associated Press advices from Washington on Aug 28, which also had the following to say:

From what has been learned of the United States proposal, he said, a projected assembly representing all nations "will be a debating society with no power save to discuss and advise" and "all power will be in the council, which will be in the hands of the Big Four."

Under it, he continued, the United States, Great Britain, Russia and China will have permanent members on the council, while all the other nations will have only seven "and the Big Four will have a veto on anything proposed and will have in its possession whatever force is authorized to enforce the decrees of the league."

Senator Bridge's speech came after Senator George (D.-Ga.) had suggested that general sessions of the Dumbarton-Oaks conference be open to the press.

Senator Bridges said President Roosevelt's statement to the conference delegates that "'the four of us have to be friends, conferring all the time.'" confirmed suspicions that the Big Four "intends to dominate and that they will decide the peace provisions and policies of the world."

Saying this is not only the basis for "big power politics," Mr. Bridges added that the President's use of the personal pronoun "us" raised the question whether "'big ruler politics" also was involved under the domination of Roosevelt, Churchill, Stalin and Chaing Kai-shek.

Referring again to the reported United States plan, Mr. Bridges said he objected to Secretary of State Hull asserting "that this Government has no intention to set up an organization in which these four big Powers will run the World."

"If this plan is necessary, let us understand it and debate it for whatever it is," he added, "but it is an insult to our intelligence to tell us that it is not a plan under which we and our three great Allies will dominate the world."

At one point Senator Bridges interrupted his prepared address to demand more order. Looking toward the Democratic side, he declared:

"Apparently some Senators don't want to listen to plain talk about the Dumbarton-Oaks conference—but they will get plenty of it the next few months."

After Mr. Bridges had completed his speech, Senator Hill (D.-Ala.), acting Democratic floor leader, said the Republican appeared to be pre-judging the conference.

"It is very evident," he said "that the Senator (Bridges) is disturbed by rumors. He should reserve his criticism until he sees what the conference does. I am protesting against his rising on this floor at this point, giving the impression that some grievous mistake is about to be committed at Dumbarton Oaks."

Senator Bridges asked Mr. Hill whether he believed in "all the secrecy surrounding the conference."

Senator Hill replied that he favored all possible publicity, but that "they can't be informed what the conference does until it has had time to reach its decisions."

Senator George, former chairman and present member of the Senate Foreign Relations Committee, said he would open general sessions to the press "so that the public here and all the United Nations could follow the proceedings, and understand and evaluate the work as it goes along."

N. Y. Reserve Bank Reviews War Activities

Mr. Allan Sproul, President of the Federal Reserve Bank of New York, said in a booklet issued to the employees of the bank on July 31 that:

"The Federal Reserve System has grave responsibilities in this, the second world war in which the system has played a significant part. Your bank has correspondingly grave responsibilities. It is the biggest bank in the Federal Reserve System; it is the central bank in the principal financial center of the country."

Mr. Sproul also pointed out that the number of the staff of the bank has more than doubled since 1940.

The booklet of the Federal Reserve Bank entitled "The Federal Reserve Bank of New York and the War," which also says:

"To lessen the threat of inflation the Government wants to sell as many of its securities as possible to individuals and organizations other than commercial banks. The Federal Reserve Bank of New York is helping with this job—

"1. Through the aid it gives and the services it performs for the State War Finance Committees of the District.

"2. Through your participation in the payroll allotment plan of the bank, and your purchases of Government bonds for cash during war loan drives."

This report went on to say:

"Due to the vast Government financing program, however, it has not been possible for the Government to obtain all its borrowed funds from investors other than commercial banks. In the Government financing of marketable securities outside the war loan drives the commercial banks have stood ready to buy whatever amounts could not be sold to other investors. In addition, they have been active in purchasing securities sold in the open market by other investors. The reserves of these banks must be maintained so that they can continue to perform this important function of assuring the success of Treasury financing. Your bank, as part of the Federal Reserve System, helps to see to it that the commercial banks have the reserves they need for this purpose."

It is also shown in this booklet that the Federal Reserve Bank has had much to do with the selling of Savings Bonds in 1936 pre-war era, and now series E bonds first issued in 1941.

The New York Reserve Bank has two functions not performed by the other 11 organizations of the system. It handles Federal open-market investment operations and the accounts of foreign central banks. In addition, it processes the Army benefit checks for the entire country, and more than 20% of all Government checks.

The booklet reviews the bank's functions in connections with the issuance of savings bonds and their redemption, its supply of cash to banks in this district, its activities in collecting withholding taxes, check clearings and collections, ration banking, war-production loans, consumer credit, foreign operations, foreign funds control as well as all of the other functions of the bank.

Senator Truman, Accepting Nomination As V.-P., Urges Re-Election Of President Roosevelt

(Continued from first page)

re-establish our own domestic economy."

In his speech, Senator Truman responded to a notification address by Senator Connally (D. of Texas).

The full text of Senator Truman's speech formally accepting the Democratic Vice-Presidential nomination was given in Associated Press advices from Lamar, on Aug. 31, as follows:

Mr. Chairman, members of the notification committee and fellow citizens:

I am deeply honored to have been named as the Democratic party's candidate for the Vice-Presidency and accept with humility and a prayer for guidance that I may perform honorably and well whatever tasks are laid before me.

Upon being nominated for the office of Vice-President of the United States, my first wish was to express my appreciation to the members of the Democratic party.

I have wanted since then to address my fellow Americans everywhere, regardless of party, so that I might offer a statement concerning the critical times that lie ahead.

Franklin Delano Roosevelt is my leader and commander in chief. In the past I have supported the policies formulated by him to protect and advance the welfare of our nation. I will continue to do so and will continue my efforts to make certain that those policies are carried out promptly and efficiently by those intrusted with their administration.

We have long been engaged in a desperate struggle to preserve our liberties and to safeguard the American way of life. Many of our brave citizens have given their lives to win for us the certainty of victory, now assured. All of us now toil and sacrifice to win this most terrible of all wars. Victory is now in sight. Our courageous, well trained and completely equipped soldiers and sailors are beating down the enemy wherever he can be found. Their unequaled valor under the greatest leadership ever given a fighting force guarantees this victory.

The task of the government has been to provide that leadership, as well as the foresight which will enable victory to be won as soon as possible. When victory is won, government must provide for our returning veterans and our war workers an assurance that their sacrifices were not in vain; that they will return to a country worth fighting for; that they will have an opportunity to earn a good living; and that the same humane principles and policies for the protection of the average man and woman carried out under Franklin D. Roosevelt for the past twelve years will be continued under his leadership.

Although victory may be close at hand, it must still be won. Our enemies are still numerous and well equipped. They have the advantage of fighting on the very threshold of their homes. We must fight in every climate and on every terrain. We must transport our armed forces and their equipment—and maintain them—thousands of miles from our shores. Our enemies are fanatical and desperate. They chant hymns of hate and utter threats that before they succumb they will destroy the foundations of our civilization, so painfully and slowly erected by the hard work of generations of mankind.

The carrying out of plans already made to overwhelm the enemy, and the formulation of new policies as the occasion demands, require the co-ordination of all our resources and all of our people. The skill and ability of the military, of business, of labor and of agriculture must all be directed with initiative, with courage, with foresight and with experience, just as they have been since the emergency actually began. We know from the success of our efforts to date that under the continued leadership of President Roosevelt these objectives will be accomplished.

Under his leadership we have met one crisis after another, in peace and war. In each of these crises we have had anxious moments when we faced the fearful possibilities of national disaster. No one can ever forget the prayerful moments that preceded our successes in Africa, in Italy, in France and in the Pacific. Those successes were possible because our fighting men had what they needed, where they needed it and when they needed it. Much of the credit for this must be given to the wise decisions of the President. None but the most uninformed question the fact that Franklin Roosevelt did make those vital decisions in collaboration with the great leaders of our war allies. Those decisions brought about the greatest succession of victories in the annals of warfare.

Tomorrow's challenge is today's problem. The proven leadership of our successes must continue. The fortunes of the future for which our boys have fought, bled and died must not be endangered by intrusting them to inexperienced hands. There is no substitute for experience, which can be gained only through years of application and service.

I am confident that the people of the United States, and I know that the people of my own home state of Missouri, may be trusted in this vital hour to choose their President from a standpoint of proven experience and qualification. They will not choose for President, by political chance, a man who lacks experience.

In the struggle to rid the world of the enemies of democracy, the firing of the last shot on the battlefield marks but a beginning. Military victory over Germany is but a step. Military victory over Japan, though it may follow with all possible speed, will be but the completion of one turn in a long road.

War has taught us that, whether we like it or not, we cannot build a wall of isolation around the United States. Our very existence depends upon the establishment and maintenance of a sound and just peace throughout the world.

If you ask the historian why we failed to bring about a lasting peace after World War I, he will answer: "A partisan struggle for political power." Let us remember the warning of Woodrow Wilson. He stressed that in an effort to make peace partisan politics should be adjourned.

"Partisan politics," he said, "has no place in the subject we are now obliged to discuss and decide." His wisdom has been proved by the test of time.

We have another historical parallel today. Make no mistake about the fact that once again we also have among us a group of isolationists as determined, as bitter, and as dangerous as the band who set themselves against the League of Nations and gave to Wilson's peace in 1920 a stab in the back.

Much work has been performed in the task of building for peace. The peace we seek is partly made. While the main task is yet ahead of us, world peace was actually in the process of making many months, even years ago.

The administration of Franklin D. Roosevelt was preparing the ground to support this peace structure when, against the bitter criticism and dire warnings of the isolationists and their press, Mr. Roosevelt first proposed lend-lease.

This peace was in process many months ago when two men met in mid-Atlantic and drew up a charter, a set of principles for peace that have been cited and used as guides by both Democrats and Republicans alike ever since they were first set forth.

This peace was being made at Casablanca, at Moscow, at Quebec, at Cairo, at Teheran. It was being made last week in our own nation's capital. It will be made in many other pleaces, at many other times. It is a continuing process, already years under way, still years in prospect. We are, in our effort to make this peace, very definitely in midstream.

And this peace has been given life movement and certainty by the high resolve of the men who are making it. Neither time nor space nor the personal hazards of a world at war have been allowed to interrupt it.

The destruction that already has occurred and that which is reasonably certain to occur before the war finally is won will make this a most difficult task. The people of the earth will have to rebuild a new and greater prosperity from the ashes of the efforts of the many generations that preceded them. The nations, great and small, must adjust themsleves to these new conditions, and must find a sane and sensible means of living together in friendship and with mutual advantage. We comprise but a small percentage of the people of the earth, and we shall have to guide the way with wise counsel and advice if we expect to play our full part in establishing a good and enduring peace.

The end of hostilities may come suddenly. Decisions that will determine our future for years, and even generations to come, will have to be made quickly. If they are made quickly and wisely by those who have had years of experience and the fullest opportunities to become well informed with respect to our national and international problems, we can have confidence that the next generations will not have to spill its blood to rectify our mistakes and failures.

It takes time for any one to familiarize himself with a new job. This is particularly true of the Presidency of the United States, the most difficult and complex job in the world. Even in peace time, it is well recognized that it takes a new President at least a year to learn the fundamentals of his job. We cannot expect any man wholly inexperienced in national and international affairs to readily learn the views, the objectives and the inner thoughts of such divergent personalities as those dominant leaders who have guided the destines of our courageous Allies. There will be no time to learn, and mistakes once made cannot be unmade. Our President has worked with these men during these trying years. He talks their language — the language of nations. He knows the reasons which govern their decisions.

Just as he respects them and their opinions, so do they respect him. At no time in our history has a President possessed such knowledge of foreign leaders and their problems. None has ever so completely won their confidence and admiration.

Winning the war and concluding the peace are only part of the task facing us during the next four years. We must also re-establish our own domestic economy.

To win the war we have shifted millions of workers hundreds and thousands of miles from their old homes; we have built thousands of fine new factories and equipped them with tens of thousands of the best machine tools; we have increased enormously our facilities for manufacturing basic commodities; we have evolved new processes for shaping materials, and new uses for those materials.

We cannot go back to our pre-war status, for it is impossible to reshuffle our people into the old pattern. Nor can we throw into junk heaps $20,000,000,000 worth of new plants and equipment. Only by using them can we hope to provide good jobs for our brave fighting men when they return, and for our splendid war workers. With those plants we shall make more and better goods. We shall combine full employment with an even higher standard of living. By utilizing new methods and products discovered during the war, and by encouraging further research and invention, we shall insure the position of the United States as a leader of world progress.

The achievement of the goals the Administration has set for the post-war nation will not be easy. Already some selfish interests are complaining. If they can, they will prevent new independent enterprises from acquiring these plants, from hiring workmen and from putting into civilian production a flood of consumer goods at prices within the reach of all.

We must not accept the kind of thinking that during the 1920's kept Muscle Shoals and other World War I plants idle.

The Administration proposes to see to it that these plants are sold or leased on fair terms to those who will use them to manufacture consumer goods, and to create employment for our fighting men and our men and women war workers.

If we devote the same ingenuity to production for peace in America that we have given to the making of engines of destruction, in this war, our future will be secure. But to do this will require energy and courage. The forces of reaction, and the selfishness of those who always fear any kind of change, will have to be overcome. We cannot go back, as we tried to do in 1920. We cannot stand still. We must go forward.

On all of these great issues we know that President Roosevelt will take a progressive and courageous position, because his past record of able and forthright action speaks for itself.

As early as Oct. 5, 1937, when few of use dreamed that war was approaching, Franklin Roosevelt in a speech at Chicago, warned that the peace and freedom of 90% of the world's people were being jeopardized by the remaining 10%, who were threatening a breakdown of all international law and order. You need not be reminded that he was then called an alarmist and a war monger by the isolationists and their press—the same group that now seeks to block every advance he makes for the welfare of the country.

Despite strong opposition he pushed through the national-defense program. He steered a course toward preparedness. Through his efforts we obtained selective service that enabled us to train a great army and to discover and supply its needs. Countless thousands of lives were saved by this one prophetic act. He advocated lend-lease, which enabled the British and others to let contracts that gave us a full year's start on war production. He declared a national emergency that enabled our own defense program to make progress beyond anything ever before achieved in the history of the world. I need not recall to you the vitriolic violence of the opposition to these measures—nor the identity of those who opposed them.

Franklin Roosevelt set production goals that were ridiculed as fantastic and misleading. For example, his request in June, 1940, for 50,000 planes. But under his leadership those goals were attained and even surpassed. Industry, labor and agriculture were co-ordinated and did co-operate to produce this inspired achievement.

Without this kind of leadership and preparation what would have been the fate of our nation? Who can tell how many more years would have been required to win the war, and at what greater cost in lives?

On this greatest of all issues, the defense of the country, President Rosevelt was years ahead of his time, just as he was years ahead of his time when he fought for freedom from want and forced through protective legislation for labor, social security for the aged, work relief for the unemployed, and a farm program which saved the farmers. Just as he battled to protect the savings of small depositors and for security regulations to prevent a repitition of the financial excesses of the '20s that brought on the depression.

You remember the battles he fought to accomplish all this. And you know the sources of his opposition. His opponents are still the same. But which of these great programs are they now willing to tell you they propose to destroy? Those programs have stood the acid test of the years, and the President's opponents dare not openly attack them.

Ask yourselves whether you dare to intrust the further development and growth of these great social reforms to those who not only were without the ability to develop these programs but who even lacked the foresight and courage to support them.

Ask yourselves whether you dare to intrust the negotiation of the peace of the world to those who are not familiar with world affairs.

The welfare of this nation and its future, as well as the peace of the whole world depends upon your decision on Nov. 7.

You can't afford to take a chance. You should indorse tried and experienced leadership—you should re-elect Franklin D. Roosevelt President of the United States.

Lordan Assistant To Cotton Exchange

John T. Scatterty, President of the New York Cotton Exchange, announced on Aug. 29 the appointment of F. P. Lordan, previously connected with the futures brokerage concern of Robert Moore & Co. to the position of Assistant to the President of that Exchange, to go into effect Sept. 1.

Mr. Lordan also had been a member of the Board of Managers directing activities of the Exchange to enlarge service to members, to the cotton industry and its distributive trades. Mr. Lordan is trying to increase a broader scope of relations between the Cotton Exchange, Public and Government.

The "Journal of Commerce" in reporting this also said:

Mr. Lordan enjoys broad experience in various branches of the cotton industry and is identified in the trade by his close attention to Washington developments during the past 10 years. He is a native Texan, where he spent the early part of his cotton career in association with the exporting company of P. G. Pauls & Co., Galveston, Texas. In 1934 he was a member of the group that organized the southwide Cotton Industries Association and served as President of the Texas division until 1935, when he came to New York City to become affiliated with Robert Moore & Co. He was admitted to partnership in that company Jan. 1, 1944, and recently terminated that status to accept the New York Cotton Exchange appointment.

The State Of Trade

(Continued from page 1058)

ing mills a chance to catch up on structural rail, heavy bar and semi-finished steel backlogs. Despite small but possibly significant trends, orders the past week almost approached those of a week previous with pressure applied for deliveries of most steel products and unfilled order backlogs reflecting little or no change.

Almost complete apathy ruled all scrap markets the previous week, with prices whenever quoted, being purely nominal, and represented for the most part lost sale levels or a figure which sellers would be glad to lose a firm commitment. According to the "Iron Age", the softness in scrap markets will continue until a firmer, but lower level is established.

Auto Industry Forecast—Speaking before a conference of midwestern newspaper men and trade journalists last week, Paul G. Hoffman, president of the Studebaker Corporation, said that the production schedule at Studebaker would be double that of pre-war years and that passenger cars would be rolling off the company's assembly lines six months after Germany surrenders.

Some expansion of facilities would be needed, he added, to employ about 14.500 to 15,000 men and women, compared with prewar employment of about 8,000.

Electric Production — The Edison Electric Institute reports that the output of electricity declined to approximately 4,418.298,000 kwh. in the week ended Aug. 26 from 4,451,076,000 kwh. in the preceding week. The latest figures represent a gain of 2.2% over one year ago, when output reached 4.322,195,000 kwh.

Consolidated Edison Co. of New York reports system output of 166.500,000 kilowatt-hours in the week ended Aug. 27, 1944, and compares with 205,100,000 kilowatt-hours for the corresponding week of 1943, or a decrease of 18.8%.

Local distribution of electricity amounted to 154,400.000 kilowatt-hours, compared with 193,500,000 kilowatt-hours for the corresponding week of last year, a decrease of 20.2%.

R. R. Freight Loadings — Carloadings of revenue freight for the week ended Aug. 26 totaled 905,724 cars, the Association of American Railroads announced. This was an increase of 18.278 cars. or 2.1% above the preceding week this year, and an increase of 1,667 cars, or 0.2% above the corresponding week of 1943. Compared with a similar period in 1942, an increase of 6,319 cars, or 0.7%, is shown.

R. R. Operating Revenues—Class I railroads of the U. S. in July, 1944, had an estimated net income, after interest and rentals, of $58,500.000 compared with $82,278,032 in July, 1943, according to reports filed by the carriers with the Bureau of Railway Economics of the Association of American Railroads.

In the first 7 months of 1944 estimated net income, after interest and rentals, totaled $381.000,000 compared with $527,936,159 in the corresponding period of 1943.

In July, net railway operating income, before interest and rentals was $98,630.425 and compared with a net railway operating income of $127,849,936 in July, 1943. It should be noted that July is the 14th consecutive month in which the net earnings of the carriers has shown a decline.

For the first 7 months of 1944 net railway operating income, before interest and rentals. totaled $650.037,566 compared with $840.026,082 in the same period of 1943.

In the 12 months ended July 31, 1944, the rate of return on property investment averaged 4.30% compared with a rate of return of 6.07% for the 12 months ended July 31, 1943.

Coal Production—The U. S. Bureau of Mines reports production of Pennsylvania anthracite for week ending Aug. 26, 1944, at 1,290,000 tons an increase of 121,000 tons (10.4%), over the preceding week, and a decrease of 13,000 tons, or 1% from the corresponding week of 1943. The 1944 calendar year to date shows an increase of 6.5% when compared with the corresponding period of 1943.

The report of the Solid Fuels Administration placed bituminous production for the week ended Aug. 26 at 12,010,000 net tons, against 11,950,000 (revised figure) tons in the preceding week and 12,242,000 tons in the corresponding week of last year, while output for Jan. 1 to Aug. 26 totaled 412,980,000 (revised figure) tons, as against 384,665,000 tons in the same 1943 period, or a gain of 7.4%.

Estimated production of beehive coke in the United States for the week ended Aug. 26, 1944, as reported by the same source, shows a decrease of 11,200 tons when compared with the output for the week ended Aug. 19, last, and a decline of 38,100 tons from the corresponding week of 1943.

Silver—The London market for silver was unchanged at 23½d. The New York official for foreign silver continued at 44¾c, with domestic silver at 70⅝c.

Gold and Silver Legislation — Toward the close of last week Senator Scrugham, (D., Nev.,) cosponsor with Repres. Engle, (D., Col.,) proposed legislation in their respective branches of the Congress to permit the free movement of newly-mined United States gold and silver in world markets. In proposing the legislation to the Senate, Senator Scrugham said, "it is high time our producers were permitted to take the advantage of high world prices" adding:

"Those so-called economists who object to higher U. S. Treasury prices for gold and silver on the ground that this would constitute a subsidy hardly could object to domestic producers benefiting from high prices abroad." Elaborating further, Mr. Scrugham said: "The bill specifically exempts export of such metal as is needed in the war effort.

"I do not think the monetary plan evolved at the Bretton Woods conference is sound without gold and silver backing in substantial amounts. In my opinion, Congress will do well to reject the plan as it now stands.

"Those who complain that our Treasury already holds too much gold and silver should be pleased at the prospect of foreign sales being made. The nations agreeing to the Bretton Woods plan should be happy over the possibility of obtaining more of the precious metals to contribute to the common fund."

Lumber Shipments — The National Lumber Manufacturers Association reports that lumber shipments of 504 reporting mills were 6.3% below production for the week ended Aug. 26, and new orders of these mills were 8.5% below production for the same period, while unfilled order files amounted to 102% of stocks. For reporting softwood mills, unfilled orders are equivalent to 38 days' production at the current rate, and gross stocks are equivalent to 35 days' production. For 1944 to date shipments of reporting identical mills exceeded production by 4.4% and orders ran 7.1% above output.

Compared to the corresponding weeks of 1935 - 39, production of reporting mills was 24.2% greater, and orders, 21.4% greater.

Crude Oil Production — Daily average gross crude oil production for the week ended Aug. 26, as estimated by the American Petroleum Institute, was 4,667.450 barrels. This represented a decline of 7,650 barrels from the record output reached the week ended Aug. 19, 1944. When compared with the corresponding week last year, crude oil production was 471,200 barrels per day higher The current figure was also 11,150 barrels above the daily average figure recommended by the Petroleum Administration for War for the month of August 1944. For the four weeks ended Aug. 26 daily output averaged 4,665,150 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,698,000 barrels of crude oil daily and produced 14,112,000 barrels of gasoline. Kerosene output totaled 1,401,000 barrels with distillate fuel oil placed at 4,566,000 barrels and residual fuel oil at 8,680,000 barrels during the week ending Aug. 26, 1944. Storage supplies at the week-end totaled 80,740,000 barrels of gasoline; 12,921,000 barrels of kerosine; 41,543,000 barrels of distillate fuel, and 59,339,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

Paper Production — Paper production for the week ended Aug. 26, was at 93.2% of capacity as against 91.3% the preceding week, and for the week ended Aug. 28, last year, 91.2%, the American Paper & Pulp Association's index of mill activity disclosed. As for paperboard, production for the same period was reported at 96% of capacity, compared with 95% in the preceding week.

Department and Retail Store Sales—Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index were 18% ahead of a year ago for the week ending Aug. 26 as compared with a revised figure of 2% in the preceding week. For the four weeks ending Aug. 26, 1944, sales increased by 9%. A 7% increase in department store sales for the year to Aug. 26, 1944, over 1943 was also noted.

August Meat Output—Beef and veal production for the month of August in federally inspected meat packing plants surpassed any other month in history, the American Meat Institute reported. The all-time record output in August was 600,000,000 pounds, 28% greater than July, and 21% above August, 1943. This unusual record was attributed to heavy marketings of grass fed cattle which produce lean, non-rationed beef. August pork production, however, declined 12% below the July level and 19% under that of August, 1943.

Progress was noted the past week in retail buying for the nation at large, while wholesale activity continued its steady course. In accounting for the improvement, Dun & Bradstreet ascribed the rise in consumer demand to cool weather and the fact that schools are due to reopen shortly.

Increased sales are general at this season, but this year retail volume was greater than that registered last fall. Apparel and accessory buying was unusually pronounced. This was especially true for students' apparel and accessories, though houseware, too, was in demand, in the face of shortages in some lines. Restaurants, drug stores and auto supply stores also approached last year's record.

Interest in sportswear was pronounced with black velveteen dresses popular. In the higher-price field, coat and suit sales were specially marked, while summer sportswear for men still continued to hold up well, though demand for autumn clothing rose slightly above that of the same week a year ago. Food sales, too, moved above the figure recorded a year ago, with dairy products sufficiently scarce in some sections that retailers felt warranted in rationing them.

Wholesale trade remained on a par with the preceding week. Fall reorders were still sizeable with large backlogs accumulating. Irregularity featured deliveries, with some lines running 60 days in arrears. Shortages and late deliveries of some staples have induced a spirit of caution and careful selectivity, even though inventories are below those of a year ago.

The above source estimates a gain of 5% to 8% for the week in retail sales throughout the country over the same week in 1943. Regional increases were: New England, 2 to 4%; East, 5 to 8%; Middle West, 6 to 9%; Northwest, 5 to 7%; South, 8 to 10%; Southwest, 10 to 12%, and the Pacific Coast, 7 to 11%.

According to Federal Reserve Bank's index, department store sales in New York City for the weekly period to Aug. 26 increased by 20% over the same period of last year. This compared with a decrease of 9% (revised figure) in the preceding week. For the four weeks ending Aug. 26, sales rose by 8%, and for the year to Aug. 26, they improved by 8%.

Back-to-school merchandise purchases featured an active retail trade market in New York the past week. Although percentage gains were smaller in the week, the average increase for department stores was estimated at 15% or more over the like week last year. Wholesale markets reflected a decrease in sales so far as new fall orders were concerned. Badly needed goods were under pressure for early delivery, and a genuine effort to increase scant allotments of cotton goods was made.

AIB Extends Training Program Study Course

Will Earn Credits Toward AIB Certificate

Training facilities of the American Institute of Banking are to be made available to all banks everywhere regardless of location under an extension of the AIB educational program, William C. Way, President of the Institute, has announced. This extension includes the offering of a new study course in the fundamentals of banking which can be given to the staff of any bank in any place under competent leadership right in its own shop. As indicated, this course, which is especially valuable to present-day personnel, is available to all banks, but is directed particularly to the 8,000 to 10,000 banks which are not close enough to populous areas in which AIB chapters are usually located to be able to use the facilities of the chapters. The announcement states:

"The object of the new course is to provide the means for giving all employees a working knowledge of the fundamentals of banking and to give this knowledge to them quickly. To that end it has been set up in such a manner that it can be covered in as few as 15 easy and enjoyable class or conference sessions of two hours each. Students completing the course will be credited by the Institute with work done toward the winning of a pre-standard certificate.

"The heart of the course is the Institute's new text, the 'Fundamentals of Banking.' This is a complete, over-all, easy-to-read and understand text of some 24 chapters or topics covering the fundamentals of banking and elucidated with simple charts, tables and illustrations used to help clarify various points.

"The course has been given a thorough tryout in a number of banks before being offered to all banks. Those which have used it report that it contributes to the stability of their organizations through giving their staffs an interesting and helpful knowledge about the business in which they are engaged and through bringing their staffs together on common ground for the exchange of ideas. They also report that as a byproduct the course gives their employees a better knowledge of their own institutions and their functions. In the process of applying the information studied to their own shops, questions are raised which provide opportunities for intimate discussion and explanation of policies and procedures based on actual experience with them.

"In announcing the course the AIB cites six benefits which may be expected to accrue to any bank adopting it. These are: increased efficiency of the staff and thus of the banks; better service to depositors and communities, and therefore better public relations; increased earnings resulting from efficiency and better service; better employee-employer relationships; increased volume of work from personnel staff, and smooth-working bank teams with knowledge about what each other is doing."

Information about the course is available at the headquarters of the American Institute of Banking at 22 East 40th Street in New York City.

Truman Quits Senate Inquiry Committee

A recommendation to Congress that it expand its investigation activities as a means of raising its power and prestige, was made on Aug. 7 by Senator Truman, Democratic nominee for Vice-President. Senator Truman, who resigned on Aug. 3 from the Senate War Investigating Committee, in order to have a free hand in the Democratic campaign, presented to the Senate on Aug. 7 his last report as Chairman of the Committee, at which time he said:

"In my opinion, the power of investigation is one of the most important powers of the Congress. The manner in which that power is exercised largely will determine the position and prestige of the Congress in our future. An informed Congress is a wise Congress, and an uninformed Congress surely will forfeit a large portion of the respect and confidence of the people."

Reviewing the Committee's three and a half years of investigation under his Chairmanship, Senator Truman, the Associated Press reported, reminded his colleagues that the Committee called as early as last November for a start on reconversion problems.

"Specific methods of dealing with those problems were set forth in the Committee's third annual report," he said. "Progress has been disappointing, because many new needs have arisen and because the armed services have been bitterly opposed to taking any action."

Under date of Aug. 3, the Washington Associated Press advices stated:

Democrats and Republicans alike sought to persuade Senator Truman to continue as head of the Committee over which he has presided for three and a half years, but he told them "it wouldn't be fair."

"Anything I might say or do as a member of the Committee would be construed as political," he said. "It is best for me to leave it entirely."

In the end, they agreed to respect his wishes. They offered the Chairmanship to Senator Tom Connally, Democrat, Texas, but he had to decline because of his heavy duties as Chairman of the Foreign Relations Committee.

On Aug. 4 Senator James M. Mead (Democrat) of New York was unanimously chosen Chairman of the Committee. The nomination of Senator Truman as Vice-President of the Democratic Party was noted in our issue of Aug. 3, page 519.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table:

MOODY'S BOND PRICES†
(Based on Average Yields)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Sep. 5	119.64	112.56	118.80	117.20	112.19	103.13	106.74	114.27	117.20
4	Stock Exchange Closed.								
2	Stock Exchange Closed.								
1	119.81	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.20
Aug. 31	119.83	112.56	118.80	117.20	112.00	103.13	106.74	114.27	117.20
30	119.82	112.56	118.80	117.20	112.19	103.13	106.74	114.27	117.20
29	119.87	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20
28	119.89	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20
26	Stock Exchange Closed.								
25	119.89	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20
24	119.89	112.56	118.60	117.20	112.19	103.30	106.74	114.08	117.40
23	119.92	112.56	118.60	117.20	112.37	103.30	106.92	114.27	117.20
22	119.88	112.75	118.60	117.40	112.37	103.30	106.92	114.27	117.20
21	119.88	112.75	118.60	117.20	112.56	103.30	106.92	114.27	117.20
19	Stock Exchange Closed.								
18	119.84	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.20
17	119.83	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.20
16	119.83	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.20
15	119.86	112.56	118.60	117.20	112.37	103.30	106.92	114.08	117.40
14	119.92	112.75	118.80	117.20	112.37	103.30	106.92	114.08	117.20
12	119.88	112.75	118.80	117.20	112.37	103.30	106.92	114.08	117.20
11	119.84	112.56	118.60	117.00	112.37	103.30	106.92	114.08	117.20
10	119.88	112.56	118.60	117.20	112.19	103.30	106.92	114.08	117.00
9	120.01	112.56	118.60	117.00	112.19	103.30	106.74	114.08	117.20
8	120.03	112.56	118.60	117.00	112.19	103.30	106.74	114.27	117.00
7	120.00	112.56	118.80	117.00	112.19	103.30	106.92	114.27	117.20
5	120.05	112.56	118.80	117.00	112.19	103.30	106.92	114.27	117.00
4	120.08	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.20
3	120.14	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.20
2	120.14	112.56	118.80	117.00	112.19	103.30	106.92	114.08	117.20
1	120.09	112.56	118.80	117.00	112.19	103.30	106.74	114.08	117.20
July 28	120.10	112.37	118.60	116.80	112.19	103.13	106.56	114.27	117.00
21	120.18	112.56	118.60	117.00	112.19	103.13	106.56	114.27	117.20
14	120.23	112.56	118.60	117.20	112.19	103.13	106.39	114.08	117.40
7	120.27	112.56	118.60	117.00	112.37	102.96	106.21	114.08	117.40
June 30	120.15	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
23	120.13	112.19	118.40	116.80	112.00	102.63	106.04	113.89	117.20
16	120.01	112.19	118.40	116.61	112.00	102.63	105.86	113.70	117.20
9	119.88	112.19	118.60	116.61	111.81	102.46	105.69	113.89	117.20
2	119.99	112.19	118.60	116.80	111.81	102.46	105.86	113.89	117.00
May 26	119.66	112.19	118.40	116.80	111.81	102.30	105.86	113.89	117.00
19	119.59	112.00	118.60	116.80	111.81	102.13	105.86	113.89	116.80
12	119.48	112.00	118.60	116.80	111.81	101.64	105.52	113.89	116.80
5	119.48	111.81	118.40	116.61	111.62	101.47	105.52	113.70	116.41
Apr. 28	119.35	111.81	118.40	116.61	111.62	101.47	105.34	113.70	116.41
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
High 1944	120.44	112.75	118.80	117.40	112.56	103.30	106.92	114.27	117.40
Low 1944	119.34	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1943	120.87	111.44	119.41	117.00	111.81	99.36	103.47	114.27	117.40
Low 1943	116.85	107.44	116.80	113.89	108.88	92.35	97.16	111.81	114.46
1 Year Ago Sep. 4, 1943	120.30	111.07	119.20	116.61	111.44	98.88	103.13	113.89	117.00
2 Years Ago Sep. 5, 1942	117.80	107.09	117.00	113.31	108.34	92.06	96.54	111.62	114.08

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1944— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings* Aaa	Aa	A	Baa	Corporate by Groups* R. R.	P. U.	Indus.
Sep. 5	1.82	3.03	2.71	2.79	3.05	3.56	3.35	2.94	2.79
4	Stock Exchange Closed.								
2	Stock Exchange Closed.								
1	1.81	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.79
Aug. 31	1.81	3.03	2.71	2.79	3.06	3.56	3.35	2.94	2.79
30	1.81	3.03	2.71	2.79	3.05	3.56	3.35	2.94	2.79
29	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79
28	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79
26	Stock Exchange Closed.								
25	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79
24	1.81	3.03	2.72	2.79	3.05	3.55	3.35	2.95	2.78
23	1.80	3.03	2.72	2.79	3.04	3.55	3.34	2.94	2.79
22	1.81	3.02	2.72	2.78	3.04	3.55	3.34	2.94	2.79
21	1.81	3.02	2.72	2.79	3.03	3.55	3.34	2.94	2.79
19	Stock Exchange Closed.								
18	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.79
17	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.79
16	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.79
15	1.81	3.03	2.72	2.79	3.04	3.55	3.34	2.95	2.78
14	1.80	3.02	2.71	2.79	3.04	3.55	3.34	2.95	2.79
12	1.81	3.02	2.71	2.79	3.04	3.55	3.34	2.95	2.79
11	1.81	3.03	2.72	2.80	3.04	3.55	3.34	2.95	2.79
10	1.81	3.03	2.72	2.79	3.05	3.55	3.34	2.95	2.80
9	1.80	3.03	2.72	2.80	3.05	3.55	3.35	2.95	2.79
8	1.79	3.03	2.72	2.80	3.05	3.55	3.35	2.94	2.80
7	1.80	3.03	2.71	2.80	3.05	3.55	3.34	2.94	2.79
5	1.79	3.03	2.71	2.80	3.05	3.55	3.34	2.94	2.80
4	1.79	3.03	2.71	2.80	3.05	3.55	3.35	2.95	2.79
3	1.79	3.03	2.71	2.80	3.05	3.55	3.35	2.95	2.79
2	1.79	3.03	2.71	2.80	3.05	3.55	3.34	2.95	2.79
1	1.79	3.03	2.71	2.80	3.05	3.55	3.35	2.95	2.79
July 28	1.79	3.04	2.72	2.81	3.05	3.56	3.36	2.94	2.80
21	1.79	3.03	2.72	2.80	3.05	3.56	3.36	2.94	2.79
14	1.78	3.03	2.72	2.79	3.05	3.56	3.37	2.95	2.78
7	1.78	3.03	2.72	2.80	3.04	3.57	3.38	2.95	2.78
June 30	1.79	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
23	1.79	3.05	2.73	2.81	3.06	3.59	3.39	2.96	2.79
16	1.80	3.05	2.73	2.82	3.06	3.59	3.40	2.97	2.79
9	1.82	3.05	2.72	2.82	3.07	3.60	3.41	2.96	2.79
2	1.81	3.05	2.72	2.81	3.07	3.60	3.40	2.96	2.80
May 26	1.84	3.05	2.73	2.81	3.07	3.61	3.40	2.96	2.80
19	1.84	3.06	2.72	2.81	3.07	3.62	3.40	2.96	2.81
12	1.85	3.06	2.72	2.81	3.07	3.65	3.42	2.96	2.81
5	1.85	3.07	2.73	2.82	3.08	3.66	3.42	2.97	2.83
Apr. 28	1.86	3.07	2.73	2.82	3.08	3.66	3.43	2.97	2.83
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.77	3.02	2.71	2.78	3.03	3.55	3.34	2.94	2.78
High 1943	2.08	3.31	2.81	2.96	3.23	4.25	3.93	3.07	2.93
Low 1943	1.79	3.09	2.68	2.80	3.07	3.79	3.54	2.94	2.78
1 Year Ago Sep. 4, 1943	1.83	3.11	2.69	2.82	3.09	3.82	3.56	2.96	2.80
2 Years Ago Sep. 5, 1942	2.03	3.33	2.80	2.99	3.26	4.27	3.97	3.08	2.95

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Cotton Ginned from Crop of 1944 Prior to Aug. 16

The census report issued on Aug. 23, compiled from the individual returns of the ginners shows as follows the number of bales of cotton ginned from the growth of 1944 prior to Aug. 16, 1944, and comparative statistics to the corresponding date in 1943 and 1942:

RUNNING BALES
(Counting round as half bales and excluding linters)

State—	1944	1943	1942
United States	*164,346	*351,930	*233,335
Alabama	594	11,795	5,579
Florida	273	1,580	1,071
Georgia	5,820	28,336	28,591
Louisiana	2,244	14,940	1,845
Texas	154,489	284,191	194,828
All other states	926	11,088	1,421

*Includes 48,182 bales of the crop of 1944 ginned prior to Aug. 1 which was counted in the supply for the season of 1943-44, compared with 107,053 and 48,626 bales of the crops of 1943 and 1942.

The statistics for 1944 in this report are subject to revision when for 1943 and 1 for 1942.

Thes tatistics for 1944 in this report are subject to revision when checked against the individual returns of the ginners being transmitted by mail.

Consumption and Stocks — United States

Cotton consumed during the month of July, 1944, amounted to 839,705 bales. Cotton on hand in consuming establishments on July 31, was 2,117,343 bales, and in public storages and at compresses 7,704,181 bales. The number of active consuming cotton spindles for the month was 22,654,790.

In the interest of national defense, the Department of Commerce has discontinued until further notice the publication of statistics concerning imports and exports.

World Statistics

Because of war conditions and the difficulties in obtaining dependable world statistics such data are being omitted from this report for the time being.

National Fertilizer Association Commodity Price Index Continues Slight Advance

The weekly wholesale commodity price index, compiled by The National Fertilizer Association and made public on Sept. 5 continued to advance slightly in the week ended Sept. 2 to 138.5 from 138.4 in the preceding week. A month ago this index stood at 138.8 and a year ago at 135.5, based on the 1935-1939 average as 100. The Association's report went on to say:

Due to the few price changes in the farm products there was only a moderate advance in this group. Weakness in wheat and rye featured declining grain markets last week. Livestock prices held at ceiling levels with no changes in hogs, cattle, and lambs. An increase in the price of eggs was the only cause for this group advancing. This increase in eggs also caused the foods group to move into higher ground. A slight increase in raw cotton reflected only a fractional advance in the textiles group. Lower prices for scrap steel caused a fractional decline in the metals index number, marking the first change in this index number in over two years. All other indexes remained unchanged from the previous week.

Although the index advanced fractionally last week, only 2 price series advanced and 3 declined; in the preceding week there were 6 advances and 3 declines; and in the second preceding week there were 7 advances and 3 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Sep. 2, 1944	Preceding Week Aug. 26, 1944	Month Ago Aug. 5, 1944	Year Ago Sep. 4, 1943
25.3	Foods	140.7	140.2	141.6	138.8
	Fats and Oils	145.1	145.1	145.1	146.0
	Cottonseed Oil	163.1	163.1	163.1	162.4
23.0	Farm Products	161.7	161.0	162.9	156.4
	Cotton	204.7	203.7	201.5	195.0
	Grains	155.8	155.9	157.8	148.3
	Livestock	156.6	155.8	158.7	152.6
17.3	Fuels	130.1	130.1	130.1	122.8
10.8	Miscellaneous commodities	132.2	132.2	132.2	131.0
8.2	Textiles	152.9	152.8	152.4	150.5
7.1	Metals	104.3	104.4	104.4	104.4
6.1	Building materials	154.0	154.0	154.0	152.5
1.3	Chemicals and drugs	126.9	126.9	126.9	127.7
.3	Fertilizer materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.7	119.7	119.7	119.8
.3	Farm machinery	104.5	104.5	104.5	104.1
100.0	All groups combined	138.5	138.4	138.8	135.5

*Indexes on 1926-1928 base were: Sept. 2, 1944, 107.9; Aug. 26, 107.8, and Sept. 4, 1943, 105.6.

Germans Lose 400,000 Men In France

The German armies in northern France have lost at least 325,000 in the most recent campaigns by the American forces, with the Canadian First and British Second Armies still to report the number of German soldiers they have killed or captured.

London Associated Press advices on Aug. 29 further stated:

Supreme Headquarters announced on Aug. 29 that 92,000 prisoners had been taken by the Allies in northwestern France between Aug. 10 and 25, of whom from 42,000 to 45,000 were taken in the Falaise pocket area.

A Rome dispatch yesterday estimated German losses in southern France at more than 50,000, raisng the total for all France close to 400,000.

Liquidate OEM Branch

We learn from Associated Press Washington advices that on Aug. 27 President Roosevelt ordered the liquidation of the Office of Emergency Management's branch known as the Division of Central Administrative Services.

This division of the OEM employed 3,700, all of which will be absorbed in other Government jobs.

The Associated Press report also says:

The division has been performing administrative services for most of the civilian war agencies of the Government, and in the main its functions will be transferred to the agencies it has been serving, along with the employees.

This change was recommended by Division Director R. R. Brown and the House Appropriations Committee.

OPA Denies Rent Rise In New York City

Protests against the Rent Regulation for Housing in the New York City Defense-Rental Area, including a petition to increase all rents in the area by 10% and requesting an alternate maximum rent date for those landlords whose rents on March 1, 1943 were lower than on March 1, 1942 were denied on Aug. 30 by the Office of Price Administration, Acting Price Administrator James Rogers announced. In his announcement he stated:

"The protests were filed by a group of apartment house owners and sponsors by the Metropolitan Fair Rent Committee, an association of real estate owners and agents in New York City.

"The addition of 10% to all rents in the city would have amounted to an increase of more than $100,000,000 a year in the New York rent bill. The present rent bill for the city is estimated to be over a billion dollars a year.

"The protesting parties claimed that the maximum rents for the area were not generally fair and equitable unless accompanied by the 10% increase. They did not question the propriety of establishing rent control in the area at proper maximum rents. The protest stated that the rents in effect on the maximum rent date do not represent rents agreed on by landlords and tenants in a free competitive market prior to war activities. War activities in the area, those protesting said, adversely affected their operations.

"In a 12-page (brief) opinion accompanying an order denying the protests, OPA set forth the results of a survey of approximately 50,000 dwelling units.

"It was estimated on the basis of the survey that the operating position of New York landlords for 1944 is better than it was in any of the years 1939-1943. Although some individual items of expense have increased, the overall increase in expenses is less than 5% during the last four years. OPA said that a substantial increase in occupancy has more than compensated for this rise in expense.

"Moreover, OPA stated, one reason for initiating rent control was that between March and October 1943, rents in New York were raised for approximately 138,000 dwelling units, which is more than equivalent to an increase for every rental housing unit in a city the size of Buffalo, N. Y. or New Orleans, La.

"OPA also found that adverse operating conditions were experienced chiefly in property having an average monthly rental of less than $30, and that this was caused by a decline in occupancy, and not by changed rental rates.

"After reviewing the request for an alternate maximum rent date, OPA stated that the protestants' situation is no different from that of any other landlord who contends after the establishment of rent control, that he would not have reduced his rents if he had known the lower rents would become his maximum rents.

"To grant relief under these circumstances would be wholly inconsistent with the maximum rent date method, OPA said, and would defeat the purposes of the Emergency Price Control Act."

Moody's Daily Commodity Index

Tuesday, Aug. 29, 1944	250.8
Wednesday, Aug. 30	250.2
Thursday, Aug. 31	250.5
Friday, Sept. 1	250.3
Saturday, Sept. 2	250.1
Monday, Sept. 4	*
Tuesday, Sept. 5	249.6
2 weeks ago, Aug. 22	250.4
Month ago, Aug. 5	249.8
Year ago, Sept. 4, 1943	246.8
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, March 17	251.5
Low, Jan. 5	247.0

*Holiday.

Fairchild Retail Price Index August 1 Unchanged For Sixth Consecutive Month

Since March 1, 1944, the Fairchild Publications Retail Price Index has remained unchanged at 113.4. The current index is 0.4% above the index for the corresponding month last year, said Fairchild's report on Aug. 15, which also stated: "As compared with May, 1933, the index shows a 63.4% gain. The present quotations are well above the other base periods which we use for comparisons."

The Fairchild advices continue:

"Not only is the composite index unchanged but every item included in it shows no change for the last three months. However, a number of the items show gains in comparison with a year ago. This is particularly marked in furs, women's underwear, aprons, men's shirts, infants' and women's hose, and furniture.

"Analysis of the individual items indicates that advances from pre-war levels have been very great. The largest were recorded in furs 61.8%; cotton piece goods 39.3%; blankets 31.6%; aprons and housedresses 34.3%; sheets 39.3%; furniture 37.3%; and floor coverings 32.6%.

"With the index based chiefly on staple items, and with quality deterioration not reflected in the index, it is expected that the index will continue comparatively stable until the end of the European war, but that a downward revision in prices will develop soon after that time. According to A. W. Zelomek, economist, under whose supervision this index is compiled, the decline will occur in those products which have been most seriously affected by wartime quality deterioration; distributors will tend generally to liquidate these goods before post-war items are made easily available."

THE FAIRCHILD PUBLICATIONS RETAIL PRICE INDEX
JAN. 3, 1931=100
Copyright 1944 Fairchild News Service

	May 1, 1933	Aug. 1, 1943	May 1, 1944	June 1, 1944	July 1, 1944	Aug. 1, 1944
Composite Index	69.4	113.0	113.4	113.4	113.4	113.4
Piece Goods	65.1	112.2	112.2	112.2	112.2	112.2
Men's Apparel	70.7	105.3	105.3	105.3	105.3	105.3
Women's Apparel	71.8	112.7	113.7	113.7	113.7	113.7
Infants' Wear	76.4	108.1	108.2	108.2	108.2	108.2
Home Furnishings	70.2	115.5	115.6	115.6	115.6	115.6
Piece Goods						
Silks	57.4	84.7	84.7	84.7	84.7	84.7
Woolens	69.2	108.0	108.1	108.1	108.1	108.1
Cotton Wash Goods	68.6	143.8	143.8	143.8	143.8	143.8
Domestics						
Sheets	65.0	126.8	126.8	126.8	126.8	126.8
Blankets & Comfortables	72.9	135.0	134.9	134.9	134.9	134.9
Women's Apparel						
Hosiery	59.2	89.3	90.0	90.0	90.0	90.0
Aprons & House Dresses	75.5	140.5	140.5	140.5	140.5	140.5
Corsets & Brassieres	83.6	111.2	111.2	111.2	111.2	111.2
Furs	66.8	140.0	145.1	145.1	145.1	145.1
Underwear	69.2	102.7	102.9	102.9	102.9	102.9
Shoes	76.5	92.4	92.4	92.4	92.4	92.4
Men's Apparel						
Hosiery	64.9	108.1	108.1	108.1	108.1	108.1
Underwear	69.6	114.8	114.8	114.8	114.8	114.8
Shirts & Neckwear	74.3	99.1	99.3	99.3	99.3	99.3
Hats & Caps	69.7	94.3	94.3	94.3	94.3	94.3
Clothing incl. Overalls	70.1	106.0	105.9	105.9	105.9	105.9
Shoes	76.3	109.6	109.6	109.6	109.6	109.6
Infants' Wear						
Socks	74.0	114.6	114.9	114.9	114.9	114.9
Underwear	74.3	103.7	103.7	103.7	103.7	103.7
Shoes	80.9	106.0	106.0	106.0	106.0	106.0
Furniture	69.4	129.2	129.4	129.4	129.4	129.4
Floor Coverings	79.9	146.9	146.9	146.9	146.9	146.9
Radios	50.6	66.8	66.8	66.8	66.8	66.8
Luggage	60.1	94.7	94.9	94.9	94.9	94.9
Electrical Household Appliances	72.5	93.5	93.5	93.5	93.5	93.5
China	81.5	110.6	110.6	110.6	110.6	110.6

Note—Composite index is a weighted aggregate. Major group indexes are arithmetic averages of subgroups.

Living Costs In Large Cities Up 0.6% June 15-July 15, Labor Dep't Reports

"Higher prices for food, particularly eggs and fresh fruits and vegetables, accounted for most of the 0.6% rise in retail prices of living essentials during the month ending July 15," Secretary of Labor Frances Perkins reported on Aug. 18 "Increases in other elements of the family budget were small," she said.

"During the past year, average prices of family living essentials have risen by 1.8%, compared to advances of 6% and 11% in the years ending July, 1943 and July, 1942. The advance over the year has been primarily in clothing prices, housefurnishings and miscellaneous services. Food prices as a whole are slightly lower than they were a year ago.

"The 1.3% increase in food prices over the month was primarily due to egg prices, which rose by 15%, to an average of almost 53 cents per dozen after declining rapidly during the spring.

"There was a net rise of 2% in July in prices of the fresh fruits and vegetables included in the Bureau's index, reflecting higher prices for shippers established by OPA on some of this season's crops. The average price of 13.6 cents per pound for apples represented an increase of 12% over June, where there is usually a decline, and oranges advanced by more than 5%. Higher prices were reported for potatoes, sweet potatoes, spinach, and onions in July, but there were large decreases for cabbage, lettuce, and green beans.

"A contraseasonal decline of 0.4% was reported for meats, with most cuts reported lower than in June. In comparison with July 1943, prices for meats, eggs, fruits and vegetables as a group were lower, and cereals and bakery products were slightly higher.

"Except for foodstuffs, average prices paid by moderate-income city families for goods and services showed only occasional small increases between mid-June and mid-July. There were scattered price advances for men's work shirts and summerweight suits, and for women's wash frocks and rayon underwear. In the housefurnishings group, small increases were reported for prices of cook stoves and bedroom suites in a few cities.

"Scattered advances in prices charged for beauty shop services, daily newspapers and laundry work caused an 0.1% rise in the cost of miscellaneous goods and services. Average fuel prices rose 0.2% over the month due to some increases in bituminous coal prices.

"Rents were not surveyed in July."

Note—The BLS index indicates average changes in retail prices of selected goods, rents and services bought by families of wage earners and lower-salaried workers in large cities. The items covered represented 70% of the expenditures of families who had incomes ranging from $1,250 to $2,000 in 1934-36.

The index does not show the full wartime effect on the cost of living of such factors as lowered quality, disappearance of low-priced goods and forced changes in housing and eating away from home.

It does not measure changes in **total** "living costs"—that is, **in the total amount families spend for living.** Income taxes and bond subscriptions are not included.

COST OF LIVING IN LARGE CITIES
Indexes, 1935-39=100*

Date—	All items	Food	Clothing	Rent	Fuel electricity and ice	House-fur-nishings	Miscel-laneous
1939: Aug. 15	98.6	93.5	100.3	104.3	97.5	100.6	100.4
1941: Jan. 15	100.8	97.8	100.7	105.0	100.8	100.1	101.9
1942: May 15	116.0	121.6	126.2	109.9	104.9	122.2	110.9
Sep. 15	117.8	126.6	125.8	108.0	106.2	123.6	111.4
1943: July 15	123.9	139.0	129.1	108.0	107.6	125.6	116.1
1944: June 15	125.4	135.7	138.0	108.1	109.6	138.4	121.7
July 15	126.1	137.4	138.2	†	109.8	138.5	121.8

PERCENT OF CHANGE

Date—	All items	Food	Clothing	‡Rent	Fuel, electr. and ice	House furnish-ings	Miscel-laneous
June 15, 1944 to July 15, 1944	+ 0.6	+ 1.3	+ 0.1	†	+ 0.2	+ 0.1	+ 0.1
July 15, 1943 to July 15, 1944	+ 1.8	— 1.2	+ 7.0	+ 0.1	+ 2.0	+10.3	+ 4.9
Sept. 15, 1942 to July 15, 1944	+ 7.0	+ 8.5	+ 9.9	+ 0.1	+ 3.4	+12.1	+ 9.3
May 15, 1942 to July 15, 1944	+ 8.7	+13.0	+ 9.5	— 1.6	+ 4.7	+13.3	+ 9.8
Jan. 15, 1941 to July 15, 1944	+25.1	+40.5	+37.2	+ 3.0	+ 8.9	+38.4	+19.5
Aug. 15, 1939 to July 15, 1944	+27.9	+47.0	+37.8	+ 3.6	+12.6	+37.7	+21.3

*These indexes are based on changes in the cost of goods purchased by wage earners and lower-salaried workers in large cities.

†Rents surveyed at quarterly dates March 15, June 15, Sept. 15, Dec. 15.

‡Changes through June 15, 1944.

July Hotel Sales Higher

In its September bulletin, Horwath & Horwath, New York, public accountants, report that "increases over last year are dwindling, and minus signs are becoming quite numerous in our table. In July, Philadelphia and Washington both had decreases in total sales and Cleveland had no increase. The over-all gain was only 8%, the smallest in two years and a quarter. To date in 1944, the increase in total sales is 13%.

"The largest gain for a section or city," the report continued, "was 15% for the Pacific Coast and the next was 12% for New York City. Chicago had the third largest, 9%. That indicative group of widely scattered miscellaneous hotels, All Others, was up only 6% in total sales this July over last.

"There were increases all along the line in room sales, New York leading with one of 14% and the Pacific Coast following closely with 13%.

"Nearly all the occupancies were considerably lower than in June, Philadelphia and Washington showing only 78% each and All Others, 79%. New York had only 88% against 94% last month, and the highest for July was 90%, reached by Cleveland and Detroit. Chicago registered 87% for the month of the Democratic convention, one point lower than in the month of the Republican gathering.

"The total rise in average rate was 5%, the biggest individual advance being 10% for the Pacific Coast.

"There were three decreases in restaurant sales, and again the beverage business made a poorer showing than food nearly everywhere, thus continuing the reversal pointed out last month, for the beverage gains for a long time exceeded those in food sales. The drops in total restaurant sales from a year ago were shown by Philadelphia, Washington and Cleveland, and in the last named city it was entirely in beverage sales, which were down 16%. Two other places which had increases in total restaurant business showed declines in beverage sales—Detroit and Texas."

The firm supplies the following statistical data:

JULY, 1944, COMPARED WITH JULY, 1943

	Sales, Increase or Decrease					Occupancy		Room Rate†
	Total*	Rooms	Total Restaurant	Food	Beverages	July 1944	July 1943	Increase or Decr.
New York City	+12%	+14%	+10%	+11%	+ 9%	88%	81%	+ 5%
Chicago	+ 9	+ 8	+11	+ 8	+15	87	85	+ 6
Philadelphia	— 6	+ 4	—17	—16	—18	78	77	+ 3
Washington	— 2	+11	— 7	— 6	— 9	78	74	+ 5
Cleveland	0	+ 6	— 6	0	—16	90	86	+ 2
Detroit	+ 6	+ 8	+ 4	+ 9	— 4	90	88	+ 6
Pacific Coast	+15	+13	+16	+14	+20	87	85	+10
Texas	+ 6	+ 4	+ 8	+11	— 7	82	82	+ 4
All others	+ 6	+ 6	+ 6	+ 7	+ 4	79	77	+ 3
Total	+ 8%	+ 8%	+ 7%	+ 8%	+ 6%	82%	80%	+ 5%
Year to Date	+13%	+11%	+16%	+16%	+15%	87%	83%	+ 5%
MONTHLY TOTALS FOR LAST SIX MONTHS								
July, 1944	+ 8%	+ 8%	+ 7%	+ 8%	+ 6%	82%	80%	+ 5%
June	+12	+10	+14	+15	+12	88	84	+ 5
May	+ 9	+ 7	+10	+11	+ 8	88	85	+ 4
April	+14	+11	+18	+18	+17	88	83	+ 5
March	+16	+12	+19	+19	+20	88	83	+ 6
February	+17	+13	+21	+20	+22	88	82	+ 5

†The term "rates" wherever used refers to the average sales per occupied room and not to scheduled rates. *Rooms and restaurant only.

New Capital Issues In Great Britain

The following statistics have been compiled by the Midland Bank Limited:

These compilations of issues of new capital, which are subject to revision, exclude all borrowings by the British Government; shares issued to vendors; allotments arising from the capitalisation of reserve funds and undivided profits; sales of already issued securities which add nothing to the capital resources of the company whose securities have been offered; issues for conversion or redemption of securities previously held in the United Kingdom; short-dated bills sold in anticipation of long-term borrowings; and loans of municipal and county authorities which are not specifically limited. In all cases the figures are based upon the prices of issue.

NEW CAPITAL ISSUES IN THE UNITED KINGDOM
(Compiled by the Midland Bank Limited)

		Geographical Distribution		
	Total	United Kingdom	British Overseas Countries	Foreign Countries
1937, 1st half	£97,416,000	£80,661,000	£15,633,000	£1,122,000
2nd half	73,490,000	58,107,000	9,305,000	6,078,000
1938, 1st half	74,051,000	56,139,000	14,916,000	2,996,000
2nd half	44,046,000	36,607,000	6,368,000	1,071,000
1939, 1st half	57,145,000	39,906,000	17,018,000	221,000
2nd half	9,149,000	3,429,000	1,295,000	4,425,000
1940, 1st half	3,068,000	2,716,000	157,000	195,000
2nd half	1,028,000	828,000	200,000	------
1941, 1st half	1,280,000	1,031,000	249,000	------
2nd half	1,046,000	896,000	150,000	------
1942, 1st half	660,000	660,000	------	------
2nd half	3,247,000	3,211,000	36,000	------
1943, 1st half	3,731,000	2,503,000	588,000	639,000
2nd half	4,852,000	4,555,000	57,000	240,000
1944, 1st half	2,277,000	2,149,000	128,000	------

ABA Cost Analysis Service To Rural Banks

A cost analysis program by which country banks may have their costs expertly determined is announced by the Commission on Country Bank Operations of the American Bankers Association as the fourth major step this year in its service to country banks. This service is available without charge to the 12,000 country banks having resources of less than $5,000,000. The formulas are applicable only to commercial banks.

In a recent letter to the banks announcing the program, Kenneth J. McDonald, chairman of the Commission who is also president of the Iowa Trust and Savings Bank, Estherville, Iowa, stated that, "Under present operating conditions it is vital that every bank know its costs as well as comparative costs of other banks of the same size. In this way only you can reduce unnecessary expenses, develop profitable services and justify your service charges. Therefore from both the public relations and internal management point of view every bank should know its costs. This does not mean a general estimate. It means facts, and facts only."

It is believed by the Commission that by this cost analysis study the average country bank will obtain an analysis of its own costs, secure a check on its operating efficiency particularly in comparison with banks of the same size, and obtain a factual base for its service charges. It will also obtain information that will be helpful in explaining service charges to customers.

Methods for developing the cost study are simple and were worked out after more than two years experience in 300 banks. Mr. McDonald said results obtained during the test proved both practical and "extremely valuable" to the banks.

Enclosed with his letter to the banks were two cards. One by which the bank will indicate its desire to participate and by which a code number can be assigned to it, and the second listing five pilot questions which when answered will provide the commission with data to adjust its procedure to geographical variations, if necessary.

Forms will be mailed soon to the participating banks on which they will count certain items and transactions during the months of October, November and December. The Commission said that it will take a bookkeeper only a few minutes each day to obtain the necessary information.

At the close of the year participating banks will send year-end figures from their books for which forms will be provided.

A special staff of the Commission will do all of the compiling, computing and translating of this information and it is estimated that by March of next year, 1944 figures will be in the hands of each of the participating banks.

In a letter to secretaries of State Bankers Associations, the Commission said, "It should be kept in mind that this program is unlike anything heretofore undertaken on a nationwide basis. The Commission is not merely giving the country banks a formula and asking them to apply it to their own bank and do all the work. It simply asks for the essential information and after that it will do all the work itself. In other words, it amounts pretty much to having an outside staff come into the bank and personally do a cost analysis job. The results are the same; in fact the Commission's experience indicates that the results in some instances may be a little better."

Non-Farm Mortgage Financing Activity Higher In First Half Of 1944

The first half of 1944 was marked by a steady month-to-month gain in home financing activitiy that resulted in the largest half-year aggregate recordings of non-farm mortgages of $20,000 or less since 1941, it was reported by the Federal Home Loan Bank Administration, which further stated: "The total volume for the six-month period was $2,176,000,000, or nearly 28% more than the amount of mortgages recorded during the January-June period in 1943 and only 2% less than the record high established for the series in 1941."

The FHLBA's report went on to say: "All classes of mortgages, except insurance companies, participated in this year's increased volume. Individual lenders led with a gain of 40% over last year while savings and loan associations followed with a rise of 35%. Other gains were: Banks and trust companies, 24%; miscellaneous lenders, 23%; and mutual savings banks, 14%. Recordings for insurance companies declined 7%.

"Only slight shifts occurred in the relative participation of the various mortgage lenders as between the first half of 1944 and the same period in 1943. This year the proportion of mortgages recorded by savings and loan associations and individual lenders increased 2 points each, to 33% and 24%, respectively. Recordings of insurance companies declined to 2% to 6%, while the proportion of total lending activity accounted for by banks and trust companies, mutual savings banks, and miscellaneous lenders changed by less than 1 point.

Type of Mortgages	June 1944 Volume (000)	June 1944 % of Total	June 1944 % Chg. from May 1944	June 1943 Volume (000)	June 1943 % of Total	Cumulative Recordings January-June Volume (000) 1944	Cumulative Recordings January-June Volume (000) 1943	Cumulative Recordings January-June % Chg.
S & L. Assns.	$145,893	34.6	+ 4.4	$113,431	32.5	$725,872	$539,302	+34.6
Ins. Cos.	22,215	5.3	+ 1.9	26,613	7.6	125,678	135,768	— 7.4
Bk. & Tr. Cos.	79,453	18.8	+ 0.5	65,656	18.8	424,070	340,828	+24.4
Mut. Svg. Bks.	15,536	3.7	+ 4.4	14,718	4.2	73,036	64,256	+13.7
Individuals	99,140	23.5	+ 3.6	75,183	21.6	518,318	371,143	+39.7
Others	59,394	14.1	+10.3	53,445	15.3	308,853	251,382	+22.9
Total	$421,631	100.0	+ 4.1	$349,046	100.0	$2,175,827	$1,702,679	+27.8

"Mortgages of $20,000 or less recorded in June totaled $422,000,000, an increase of 4% over the previous month and 21% above June, 1943. All classes of mortgagees recorded a larger volume of loans in June than in May, the gains ranging from 10% for miscellaneous lenders to one-half of one percent for banks and trust companies. Recordings of savings and loan associations ($145,893,000) and individual lenders ($99,140,000) were the largest amounts for any month on record. Insurance companies were alone in showing a lower volume of recordings in June, 1944, than during the same month last year."

June Bldg. Permit Valuations 7% Over Last Year

Building construction started in urban areas of the United States during June was valued at $112,000,000, or 7% more than a year ago, with a decline of 29% in Federal construction offset by an increase of 31% in non-Federal construction, it was stated in a report recently issued by Secretary of Labor Perkins, which continued by saying: "New residential building decreased by 15%, while new non-residential increased 16% as a result of a permit issued for a $6,000,000 privately financed power plant in Dixon, Illinois. Additions, alterations, and repairs increased by one-third." The Secretary of Labor's report added:

"Building construction started this month exceeded the May, 1944, total by 3%. New residential and new non-residential building were virtually unchanged, while the value of additions, alterations, and repairs increased by 8%. Federal construction declined by nearly one-fourth and non-Federal construction increased by 17% in June."

SUMMARY OF BUILDING CONSTRUCTION IN ALL URBAN AREAS, JUNE 1943, MAY AND JUNE 1944

Class of Construction—	Number of buildings June 1944	Number of buildings Percentage change from— May 1944	Number of buildings Percentage change from— June 1943	Valuation June 1944 (In thousands of dollars)	Valuation Percentage change from— May 1944	Valuation Percentage change from— June 1943
All building construction	66,904	— 1.1	+10.7	111,714	+ 2.6	+ 7.4
New residential	9,764	+ 6.6	—14.5	35,723	+ 3.2	—14.7
New nonresidential	7,552	— 7.8	*	46,780	— .7	+15.8
Additions, alterations, and repairs	49,588	— 1.4	+19.6	29,211	+ 7.7	+34.2

*Less than one-tenth of one percent.

Miss Perkins continued:

"The total of 11,266 family dwelling units for which permits were issued on Federal contracts awarded during June showed little change from the May figure, but was one-fifth less than that for June, 1943. The 9,973 privately financed dwelling units started this month were slightly more than those begun during May but 13% under June, 1943. Eleven percent of the June total, or 1,293 dwelling units, were in Federal war housing projects. A year ago, 2,710 Federally financed units accounted for 19% of the total.

"Data from building permits are collected by the Bureau of Labor Statistics directly from local building officials in every State except Illinois, Massachusetts, New Jersey, New York, North Carolina, and Pennsylvania, where State departments of labor collect and forward the data to the Bureau. Notifications of contracts awarded for Federal and State projects, for which building permits are not ordinarily required, are sent in directly by the agency awarding the contract.

"Figures on building construction shown in this report cover the entire urban area of the United States, which, by Census definition, includes all incorporated places with a population of 2,500 or more in 1940 and, by special rule, a small number of unincorporated civil divisions. Valuation figures, the basis for statements concerning volume, are derived from estimates of construction costs made by prospective private builders when applying for permits to build and from the value of contracts awarded by Federal or State governments. No land costs are included. Unless otherwise indicated, only building construction within the corporate limits of cities in urban areas is included in the tabulations.

"Reports of building permits were received in June, 1944, from cities containing between 80 and 85% of the urban population of the country and provide the basis for estimating total number of buildings and dwelling units and valuation of private urban building construction. The same data for Federally financed urban building construction are compiled directly from notifications of construction contracts awarded as furnished by Federal agencies.

All figures for the current month are preliminary. Major upward revisions in Federally financed non-residential construction may be expected as a result of late notifications of contracts awarded.

Urban building put under construction during the first six months of 1944 was valued at $565,000,000 or 13% less than the $646,000,000 for the same period of 1943. Reflecting the virtual completion of the Federal war construction program, Federal building construction during the first six months of 1944 was half that for the same period of 1943, while non-Federal building increased almost a third. The volume of new residential building was one-third less than last year and new non-residential construction one-tenth less. Additions, alterations, and repairs, however, increased by nearly one-half.

VALUATION OF BUILDING CONSTRUCTION IN ALL URBAN AREAS BY CLASS OF CONSTRUCTION, FIRST 6 MONTHS OF 1943 AND 1944

Class of construction—	Total First 6 Months 1944 (In thousands of dollars)	Total First 6 Months 1943 (In thousands of dollars)	Total Percentage change	Federal First 6 Months 1944 (In thousands of dollars)	Federal First 6 Months 1943 (In thousands of dollars)	Federal Percentage change
All construction	565,462	646,349	—12.5	178,949	354,009	—49.5
New residential	198,094	299,631	—33.9	28,670	132,921	—78.4
New nonresidential	223,542	249,069	—10.2	143,795	210,902	—31.8
Additions, alterations and repairs	143,826	97,649	+47.3	6,484	10,186	—36.3

"More than four-fifths of the dwelling units started in the first 6 months of 1944 were privately financed as compared with less than one-half during the same period of 1943. While there was a slight decline in the number of units built there was virtually no change in valuation. Federal construction declined about four-fifths in number of new dwelling units and also in volume of contracts awarded.

"One-family units show an increase of 8% thus far in 1944, while 2-family and multifamily units show a decrease of 19 and 31% respectively.

"The East North Central and Pacific States again in June ranked highest in valution of urban building construction started, together accounting for nearly half of the total valuation. Five regions showed increase in valuations over May, which were almost offset by declines in the New England, West South Central, Mountain and Pacific States, the latter falling by over one-third.

"Non-Federal construction begun during June was 17% more than in May, resulting from increases in 6 of the 9 regions, ranging from 4% in the Pacific States to 49% in the East North Central States. The New England, Middle Atlantic, and Mountain States showed moderate declines.

"Five geographic regions contributed to the 7% increase in valuations of all building construction started during June 1944 as compared to June 1943. The volume of privately financed building construction started during June exceeded that of a year ago in 6 of the regions, resulting in a 31% increase. With only the Middle Atlantic, South Atlantic, and West South Central regions having increases, Federally financed construction valuation declined sharply, showing a 29% decrease from June 1943, and a 24% decrease from May 1944."

Steel Operations Off Due To Holiday—Price Of Scrap Declines—Buyers Exercise Caution

"Although steel mills this past week noted little change in the volume of steel bookings from a tonnage standpoint, there were additional signs that the actual number of orders appeared to be on the decline," "The Iron Age" states in its issue of today (Sept. 7), further adding: "This condition was being viewed in some quarters as further evidence that extreme caution would be exercised by steel buyers until such time as clarification is forthcoming on the probable end of the European war.

"Orders responsible for the heavy steel tonnage in the past week involve war orders such as Navy flat-rolled requirements, landing-mat needs, and such items as structural requirements for the Army and Navy bridge programs. Another factor which has swelled tonnage volume was railroad requirements for rails and track accessories.

"There was additional evidence in the past week that Martime plate needs will be down considerably in the first quarter of 1945. According to steel reports, the anticipated cut in Maritime plate requirements is being viewed as more of a certainty this time than has been the case in the past. When and if this substantial reduction in plate rollings materializes, it will be a signal for a rapid clean-up on hot-rolled sheet tonnage which has been piling up on mill order books.

"Post-war plans for many firms, notably those in the automotive group, now have advanced to the point where these companies are able to place tentative production plans in the hands of steel suppliers. Some automotive firms, it appears, will be able to supply a trickle of cars well in advance of the 90 days often quoted as the necessary reconversion period. It seemed clearer than ever this week that while war production was at a high point, steel production at high levels and steel backlogs changed but little, more and more thought was being placed upon the practical aspects of reconverting to civilian manufacture. Additional reports were available this week indicating steel consumers had taken an even tighter rein over inventories.

"On the steel market front this week it was noted that steel ingots were going begging. A few months ago steel ingots were in heavy demand and were being processed by companies whose finishing facilities were adequate to meet this need. Recently, however, a drop in lend-lease requirements and manpower shortages at plants which heretofore were able to process ingots from other sources finds the supply outrunning the actual demand."

The American Iron and Steel Institute on Sept. 5 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 95.5% of capacity for the week beginning Sept. 4, compared with 97.1% one week ago, 97.0% one month ago and 100.3% one year ago. The operating rate for the week beginning Sept. 4, 1944, is equivalent to 1,710,700 tons of steel ingots and castings, compared to 1,739,300 tons one week ago, 1,737,500 tons one month ago and 1,748,200 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on Sept. 4 stated in part as follows:

"Shipbuilding, which has been a major factor in war demand from the beginning, is due for a sharp decline in first quarter, from all present indications.

"Maritime Commission quotas probably will be fairly well sustained through January, with material curtailment expected thereafter, with possibility that merchant ship requirements for three months may not exceed those of one month at present.

"This does not imply that shipyards, even those producing cargo ships, will not be busy for some time further, especially in view of the time required for rolling steel for this purpose. Further substantial ship contracts may be placed but so far as steel requirements are concerned they should be decidedly less by early next year, it is believed.

"This will have a pronounced bearing on various major steel products, plates, shapes, bars and sheets. Any lessening in plate demand will affect first and most importantly continuous strip mills now rolling plates at the expense of sheets. Should merchant ship production be curtailed as much as now indicated for first quarter sheet capacity will be expanded sharply.

"Sheet buying continues relatively dull but deliveries show no improvement, most promises on current inquiries running into first quarter, in some cases to late February and March. Galvanized sheets are not available from some mills before April.

"Steel bars continue tight and December is the average delivery promise by most makers. Some producers of large hot-rolled rounds, especially in quality steels, are booked through the greater portion of first half. Effect of the increasing shell program is felt by diverting steel from regular channels. Cold drawers, though taking a substantial volume, are not specifying as heavily as a few weeks ago.

"Weakness in the scrap market increases and in several districts sales have been made well under ceilings. In other areas consumers are out of the market or are offering prices below ceilings, without actual transactions at lower levels.

"For the first time in more than three years, since April, 1941, the average composite price of steel and iron products shows a change. Reduction of heavy melting steel in the East has brought the composite for steelmaking scrap to $18.83 per ton after holding at the ceiling of $19.17 since OPA established its control. Finished steel composite remains unchanged at $56.73, semifinished steel at $36, steelmaking pig iron at $23.05.

Mine Workers 'Journal' Attacks FDR On Labor

"The United Mine Workers Jounal" printed an editorial on Aug. 30 attacking some unnamed labor leaders as being "too cowardly to press forward for labor gains," and that President Roosevelt was "smart enough to trick the simple minds of the misleaders of labor into believing that the world will go to hell unless the full pattern and design of the present Administration as regards all things is accepted in toto by labor," it was said in a special dispatch to the New York "Times" from Washington on Aug. 31, which also said:

This was presumed to be a preview of a "full dress" attack on President Roosevelt and his labor leaders by John L. Lewis who will probably begin a campaign against the Administration at the Mine Workers Convention at Cincinnati on Sept. 12.

The Labor Day editorial recalled the denunciation of the War Labor Board's "Little Steel" formula by labor, but said that such attacks, like denunciation of sin, would not do away with that formula.

The reasons why the President did not act to do away with the "Little Steel" formula was (1) his ability to "trick" the labor men and (2) the "weak-kneed leadership" by the union leaders.

Weekly Coal And Coke Production Statistics

The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Aug. 26, 1944, is estimated at 12,010,000 net tons, an increase of 60,000 tons, or 0.5%, over the preceding week. In the corresponding week of 1943, output amounted to 12,242,000 tons. Cumulative production of soft coal from Jan. 1 to Aug. 26, 1944, totaled 412,980,000 tons, as against 384,665,000 tons in the same period in 1943, a gain of 7.4%

According to the U. S. Bureau of Mines, production of Pennsylvania anthracite for the week ended Aug. 26, 1944, was estimated at 1,290,000 tons, an increase of 121,000 tons (10.4%) over the preceding week. When compared with the output in the corresponding week of 1943, there was, however, a decrease of 13,000 tons, or 1%. The calendar year to date shows an increase of 6.5% when compared with the corresponding period of 1943.

The Bureau of Mines also reported that the estimated production of beehive coke in the United States for the week ended Aug. 26, 1944 showed a decrease of 11,200 tons when compared with the output for the week ended Aug. 19, 1944; and was 38,100 tons less than for the corresponding week of 1943.

ESTIMATED UNITED STATES PRODUCTION OF COAL, IN NET TONS

Bituminous coal and lignite—	Week Ended Aug. 26, 1944	Week Ended *Aug. 19, 1944	Week Ended Aug. 28, 1943	January 1 to Date †Aug. 26, 1944	January 1 to Date Aug. 28, 1943	January 1 to Date Aug. 23, 1937
Total incl. mine fuel	12,010,000	11,950,000	12,242,000	412,980,000	384,665,000	287,679,000
Daily average	2,002,000	1,992,000	2,040,000	2,034,000	1,886,000	1,421,000

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

Penn. anthracite—	Week Ended ‡Aug. 26, 1944	Week Ended §Aug. 19, 1944	Week Ended Aug. 28, 1943	Calendar Year to Date Aug. 26, 1944	Calendar Year to Date Aug. 28, 1943	Calendar Year to Date Aug. 28, 1937
*Total incl. coll. fuel	1,290,000	1,169,000	1,303,000	42,823,000	40,227,000	33,744,000
†Commercial produc.	1,238,000	1,122,000	1,251,000	41,111,000	38,618,000	32,057,000
Beehive coke—						
United States total	123,900	135,100	162,000	5,010,200	5,096,800	2,355,300

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

State—	Week Ended Aug. 19, 1944	Week Ended Aug. 12, 1944	Week Ended Aug. 21, 1943	Week Ended Aug. 21, 1937
Alabama	372,000	388,000	378,000	249,000
Alaska	5,000	5,000	5,000	3,000
Arkansas and Oklahoma	95,000	87,000	88,000	60,000
Colorado	151,000	140,000	152,000	85,000
Georgia and North Carolina	1,000	1,000	1,000	*
Illinois	1,432,000	1,408,000	1,510,000	700,000
Indiana	556,000	549,000	544,000	272,000
Iowa	40,000	36,000	46,000	52,000
Kansas and Missouri	178,000	170,000	152,000	113,000
Kentucky—Eastern	955,000	1,003,000	947,000	681,000
Kentucky—Western	360,000	348,000	315,000	123,000
Maryland	37,000	36,000	41,000	28,000
Michigan	2,000	2,000	3,000	7,000
Montana (bitum. & lignite)	94,000	83,000	85,000	44,000
New Mexico	33,000	31,000	35,000	27,000
North & South Dakota (lignite)	42,000	36,000	28,000	17,000
Ohio	674,000	683,000	661,000	436,000
Pennsylvania (bituminous)	2,890,000	2,970,000	3,011,000	2,000,000
Tennessee	130,000	140,000	136,000	91,000
Texas (bituminous & lignite)	2,000	3,000	3,000	21,000
Utah	126,000	128,000	106,000	56,000
Virginia	366,000	385,000	384,000	257,000
Washington	30,000	33,000	29,000	30,000
†West Virginia—Southern	2,096,000	2,216,000	2,296,000	1,732,000
‡West Virginia—Northern	1,115,000	1,162,000	995,000	544,000
Wyoming	168,000	156,000	161,000	87,000
§Other Western States	*	1,000	*	*
Total bituminous & lignite	11,950,000	12,200,000	12,112,000	7,715,000
Pennsylvania anthracite	1,169,000	1,239,000	1,259,000	557,000
Total, all coal	13,119,000	13,439,000	13,371,000	8,272,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Civil Engineering Construction $60,282,000 For Third Highest Weekly Volume Reported In 1944

Civil engineering construction volume in continental U. S. totals $60,282,000 for the week, the third highest weekly volume reported to "Engineering News-Record" in 1944, and made public on Aug. 31. The week's total, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 62% higher than in the preceding week, and 35% higher than the previous four-week moving average, but 2% under the volume for the corresponding 1943 week.

Private construction tops last week by 41%, and is 8% higher than in the week last year. Public work is 65% above a week ago, but 3% under a year ago as a result of the 8% decrease in federal.

The current week's construction brings 1944 volume to $1,261,642,000 for the 35 weeks, a decrease of 45% from the $2,285,762,000 reported for the corresponding 1943 period. Private construction, $271,706,000, is 6% below last year, and public work, $989,936,000, is 50% lower due to the 56% drop in federal volume.

Civil engineering construction volumes for the 1943 week, last week, and the current week are:

	Sept. 2, 1943	Aug. 24, 1944	Aug. 31, 1944
Total U. S. Construction	$61,674,000	$37,309,000	$60,282,000
Private Construction	6,754,000	5,157,000	7,267,000
Public Construction	54,920,000	32,152,000	53,015,000
State and Municipal	3,776,000	4,511,000	6,104,000
Federal	51,144,000	27,641,000	46,911,000

In the classified construction groups, gains over last week are in industrial, commercial and public buildings, eathwork and drainage, streets and roads, and unclassified construction. Increases over the 1943 week are in waterworks, sewerage, industrial buildings, earthwork and drainage, and streets and roads. Subtotals for the week in each class of construction are: Waterworks, $680,000; sewerage, $465,000; bridges, $215,000; industrial buildings, $5,374,000; commercial buildings, and large-scale private housing, $1,215,000; public buildings, $34,217,000; earthwork and drainage, $3,734,000; streets and roads, $4,529,000, and unclassified construction, $9,853,000.

New capital for construction purposes for the week totals $2,860,000, and is made up of $1,860,000 in state and municipal bond sales, and $1,000,000 in RFC loans for private industrial expansion.

The week's new financing brings 1944 volume to $1,598,152,000 for the 35 weeks, a total 45% below the $2,928,978,000 for the corresponding 1943 period.

Wholesale Prices Down 0.1% For Week Ended Aug. 26, 1944, Labor Dept. Reports

Seasonably lower prices for apples and potatoes together with declining markets for live poultry and eggs brought the Bureau of Labor Statistics' indext of commodity prices in primary markets down 0.1% during the week ended August 26, said the U. S. Department of Labor on Aug. 31, which further stated: "At 103.5% of the 1926 average, the all-commodity index was 0.4% lower than at this time last month and only 0.6% higher than for the corresponding week of last year.

"Farm Products and Foods—Average prices for farm products dropped about one-half of one per cent during the week. Grains declined fractionally with lower prices reported for wheat and oats, while quotations for barley were somewhat stronger than a week ago. Apples were considerably lower in most markets and oranges dropped nearly 5%. Prices for eggs fell more than 1% and quotations for live poultry dropped in both the Chicago and New York markets. White potatoes were lower at Chicago but higher at New York and Boston. Higher prices were also reported for cotton, onions and lemons. In the past four weeks average prices for farm products have declined nearly 2% and were approximately 2% lower than at this time last year." The Labor Department's report also said:

"Led by a decline of nearly 3% in fresh fruits and vegetables markets and by the decrease in eggs, average prices for foods dropped 0.5% during the week. Demand for rye flour improved and prices rose 3%, and cured pork advanced nearly 4%. Average prices for foods were more than 1% lower than at the end of July and 1.4% lower than at this time last year.

"Industrial Commodities—Very few changes were reported in prices for industrial commodities. Markets for goatskins and sheepskins advanced. The new pricing formula for cotton goods brought quotations for print cloth up more than 5%. In the mercury market greater activity combined with decreased production brought prices up nearly 3% during the week. Lower prices were reported for resin, for formaldehyde, and for gasoline at mid-continent refineries."

The Labor Department report also contained the following notation:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for July 29, 1944, and Aug. 28, 1943, and the percentage changes for a week ago, a month ago, and a year ago, and (2) percentage changes in subgroup indexes from Aug. 19,1944, to Aug. 26, 1944.

WHOLESALE PRICES FOR WEEK ENDED AUG. 26, 1944

(1926=100)

Commodity Groups—	8-26 1944	8-19 1944	8-12 1944	7-29 1944	8-28 1943	Percentage change to Aug. 26, 1944 from— 8-19 1944	7-29 1944	8-28 1943
All commodities	*103.5	*103.6	*104.0	*103.9	102.9	—0.1	—0.4	+ 0.6
Farm products	121.8	122.3	124.8	124.1	124.0	—0.4	—1.9	— 1.8
Foods	104.0	104.5	106.1	105.3	105.5	—0.5	—1.2	— 1.4
Hides and leather products	116.6	116.4	116.8	116.8	118.4	+0.2	—0.2	— 1.5
Textile products	97.6	97.5	97.5	97.4	97.0	+0.1	+0.2	+ 0.6
Fuel and lighting materials	83.7	83.8	83.8	83.9	81.8	—0.1	—0.2	+ 2.3
Metals and metal products	*103.8	*103.8	*103.8	*103.8	103.8	0	0	0
Building materials	116.0	116.0	116.0	115.9	112.1	0	+0.1	+ 3.5
Chemicals and allied products	105.3	105.3	105.2	105.2	100.2	0	+0.1	+ 5.1
Housefurnishing goods	106.0	106.0	106.0	106.0	104.2	0	0	+ 1.7
Miscellaneous commodities	93.3	93.3	93.3	93.3	92.4	0	0	+ 1.0
Raw materials	112.5	112.8	114.3	113.8	112.8	—0.3	—1.1	— 0.3
Semimanufactured articles	93.9	93.8	93.8	93.8	92.8	+0.1	+0.1	+ 1.2
Manufactured products	*101.0	*101.1	*101.1	*101.1	100.0	—0.1	—0.1	+ 1.0
All commodities other than farm products	*99.5	*99.5	*99.5	*99.5	98.4	0	0	+ 1.1
All commodities other than farm products and foods	*98.7	*98.7	*98.7	*98.7	97.3	0	0	+ 1.4

*Preliminary.

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM AUG. 19,1944 TO AUG. 26, 1944

Increases

Hides and skins	1.1	Livestock and poultry	0.2
Cotton goods	0.4	Meats	0.1

Decreases

Fruits and vegetables	2.9	Other foods	0.2
Other farm products	0.8	Grains	0.1
Petroleum and products	0.3	Paint and paint materials	0.1

Non-Ferrous Metals—Further Aluminum Output Cutback Ordered—Zinc Surplus Increasing

"E. & M. J. Metal and Mineral Markets," in its issue of Aug. 31, stated: "Though production schedules for aluminum have been cut back sharply since the beginning of the year, output of copper, lead, and zinc has been maintained at as high a rate as labor conditions made it possible to operate the mines, smelters, and refineries. During the last week it was announced in Washington that monthly production of aluminum will be reduced immediately to around 45,000 tons. This compares with a peak aluminum production of 94,000 tons a month established last winter. Zinc business last week was in fair volume, but the industry feels certain that stocks are still increasing. Copper was quiet. Lead consumption remains active." The publication further went on to say in part:

Copper

The copper market appeared to be more concerned about pending stockpile legislation than in other problems. September business has been taken care of, and supplies available from all sources are held to be more than ample to cover the needs of consumers, even should some unexpected business develop.

Brass mills produced 447,096 tons of products during June, according to the Copper Division, WPB. This compares with 456,132 tons in May and 457,671 tons in June last year. Peak production was 499,363 tons in March, 1943.

Shipments of ingot brass and bronze during July by 55 manufacturers amounted to 40,532 tons, according to the Defense Council of the Ingot Brass and Bronze Industry. This compares with 40,677 tons in June and 35,972 tons in July last year. Shipments by this group, which embrace about 95% of the total for the entire industry, totaled 301,745 tons in the first seven months of the year, against 272,759 tons in the January-July period of 1943.

Lead

Buying of lead was in moderate volume during the last week, which was fully expected because consumers' requirements for September have been about covered. Sales in the domestic market for the week ended Aug. 30 involved 4,480 tons, against 2,075 tons in the week previous. Consumption of lead shows no signs of slackening. From present indications, consumers will absorb between 65,000 and 70,000 tons of lead during September. This means that a substantial tonnage of foreign lead will be required to round out total deliveries.

Shipments of refined lead by domestic refineries during May, June, and July, in tons:

	May	June	July
Cable	8,838	11,177	6,897
Ammunition	1,653	960	2,813
Foil	461	734	810
Batteries	6,606	5,455	5,453
Brass mills	740	456	813
Sundries	6,240	3,861	4,423
Jobbers	654	446	606
*Unclassified	22,950	20,396	21,146
Totals	48,142	43,485	42,966

*Includes white lead, red lead, litharge and other oxides, sheet and pipe, solder, babbitt, and lead for tetraethyl for gasoline.

Zinc

Production of zinc continues in excess of current consumption, largely because of the restrictions that are still in force in industries that would normally use the metal at a high rate, as galvanizing and automotive equipment. Some observers feel that stocks of zinc increased about 10,000 tons during August.

The price situation in zinc remains unchanged.

Tin

Salvaging of tin remains an important factor in the supply situation, WPB officials contend. The stockpile of tin has been declining slowly, despite increased supplies available from African sources.

The price situation in tin remains unchanged. Straits quality metal for shipment, in cents per pound, was nominally as follows:

	Aug.	Sept.	Oct.
August 24	52.000	52.000	52.000
August 25	52.000	52.000	52.000
August 26	52.000	52.000	52.000
August 28	52.000	52.000	52.000
August 29	52.000	52.000	52.000
August 30	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c per pound.

Quicksilver

With supplies of spot and nearby quicksilver moderate and in firm hands, the price situation last week remained unchanged. Sellers quote from $105 to $108 per flask, depending on the quantity. For spot metal some sellers viewed $106 as the low for round lots. Uncertainty over the duration of the European phase of the war caused general lack of interest in forward shipment metal.

Silver

London reports a steady market for silver, with the price holding at 23½d. Current imports by Great Britain are being used chiefly to fill essential industrial requirements.

The New York Official price for foreign silver was unchanged at 44¾c, with domestic metal at 70⅝c.

Daily Average Crude Oil Production For Week Ended Aug. 26, 1944 Decreased 7,650 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Aug. 26, 1944 was 4,667,450 barrels, a decline of 7,650 barrels from the record output reached in the preceding week. When compared with the corresponding week last year, crude oil production was 471,200 barrels per day higher. The current figure also was 11,150 barrels per day in excess of the daily average figure recommended by the Petroleum Administration for War for the month of August, 1944. Daily output for the four weeks ended Aug. 26, 1944 averaged 4,665,150 barrels.

Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,698,000 barrels of crude oil daily and produced 14,112,000 barrels of gasoline; 1,401,000 barrels of kerosine; 4,566,000 barrels of distillate fuel oil, and 8,680,000 barrels of residual fuel oil during the week ended Aug. 26, 1944; and had in storage at the end of of that week: 80,740,000 barrels of gasoline; 12,921,000 barrels of kerosine; 41,543,000 barrels of distillate fuel, and 59,339,000 barrels of residual fuel oil. The above figures apply to the country as a whole, and do not reflect conditions on the East Coast.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations August	*State Allowables being. Aug. 1	Actual Production Week Ended Aug. 26, 1944	Change from Previous Week	4 Weeks Ended Aug. 26, 1944	Week Ended Aug. 28, 1943
Oklahoma	332,000	340,000	†342,000	+ 2,000	340,200	326,200
Kansas	274,000	269,400	†278,900	— 6,400	270,450	297,600
Nebraska	1,000	----	†500	— 50	700	1,800
Panhandle Texas			98,700	----	98,700	98,000
North Texas			148,750	----	148,750	140,400
West Texas			484,950	----	484,950	258,400
East Central Texas			147,650	----	147,650	129,950
East Texas			371,700	----	371,700	371,000
Southwest Texas			321,650	----	321,650	239,050
Coastal Texas			535,200	----	535,200	474,450
Total Texas	2,099,000	‡2,101,382	2,108,600	----	2,108,600	1,711,250
North Louisiana			73,500	— 250	73,700	81,900
Coastal Louisiana			288,950	----	288,900	268,500
Total Louisiana	350,000	394,600	362,450	— 250	362,700	350,400
Arkansas	78,000	78,235	80,900	+ 250	80,800	76,350
Mississippi	40,000		45,900	+ 150	46,050	52,200
Alabama			200	----	200	----
Florida			50	----	50	----
Illinois	215,000		205,500	— 5,000	208,250	211,800
Indiana	14,000		13,000	+ 150	12,900	14,700
Eastern— (Not incl. Ill., Ind., Ky.)	71,400		69,450	+ 450	73,950	73,950
Kentucky	23,000		24,300	— 250	24,950	22,600
Michigan	51,000		50,600	+ 1,200	51,750	56,950
Wyoming	100,000		85,100	— 2,350	88,750	96,850
Montana	24,000		19,600	— 2,200	21,250	21,350
Colorado	7,900		8,650	+ 200	8,350	7,300
New Mexico	110,000	110,000	106,050	+ 50	107,250	105,050
Total East of Calif.	3,790,300		3,801,750	—12,050	3,807,150	3,426,350
California	866,000	§866,000	865,700	+ 4,400	858,000	769,900
Total United States	4,656,300		4,667,450	— 7,650	4,665,150	4,196,250

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Aug. 24, 1944.

‡This is the net basic allowance as of Aug. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 1 to 15 days, the entire state was ordered shut down for 7 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 7 days shutdown time during the calendar month. §Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED AUG. 26, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

	Daily Refining Capacity		Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis					
District—	Potential Rate	% Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
*Combin'd East Coast Texas Gulf, Louisiana Gulf, North Louisiana-Arkansas, and inland Texas	2,518	90.3	2,498	99.2	7,045	36,776	22,182	19,128
Appalachian—								
District No. 1	**130**	**83.9**	116	89.2	329	2,182	529	290
District No. 2	**47**	**87.2**	59	125.5	177	1,435	225	178
Ind., Ill., Ky.	**824**	**85.2**	749	90.9	2.718	17,783	5,987	4,290
Okla., Kans., Mo.	**418**	**80.2**	383	91.6	1,428	6,609	1,922	1,432
Rocky Mountain—								
District No. 3	**13**	**17.0**	11	84.6	34	58	9	30
District No. 4	**141**	**58.3**	99	70.2	371	1,971	359	659
California	**817**	**89.9**	783	95.8	2,010	13,926	10,330	33,332
Total U. S. B. of M. basis Aug. 26, 1944	4,908	87.2	4,698	95.7	14,112	†80,740	41,543	59,339
Total U. S. B. of M. basis Aug. 19, 1944	4,908	87.2	4,694	95.6	13.757	¶81,477	40,308	58,737
U. S. Bur. of Mines basis Aug. 28, 1943			4,277		12,398	71,636	36,410	66,724

*At the request of the Petroleum Administration for War. †Finished, 68,108,000 barrels; unfinished, 12,632,000 barrels. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,401,000 barrels of kerosine, 4,566,000 barrels of gas oil and distillate fuel oil and 8,680,000 barrels of residual fuel oil produced during the week ended Aug. 26, 1944, which compares with 1,487,000 barrels, 4,819,000 barrels and 9,136,000 barrels, respectively, in the preceding week and 1,383,000 barrels, 4,328,000 barrels and 8,777,000 barrels, respectively, in the week ended Aug. 28, 1943. ¶Revised due to error by reporting company. Revision effective in "Combined Area" as to finished gasoline.

Note—Stocks of kerosine at Aug. 26, 1944 amounted to 12,921,000 barrels, as against 12,816,000 barrels a week earlier and 10,128,000 barrels a year before.

Trading On New York Exchanges

The Securities and Exchange Commission made public on Aug. 30 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Aug. 12, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended August 12 (in round-lot transactions) totaled 2,428,345 shares, which amount was 18.23% of the total transactions on the Exchange of 6,659,860 shares. This compares with member trading during the week ended Aug. 5 of 1,832,330 shares, or 17.93% of the total trading of 5,111,310 shares. On the New York Curb Exchange, member trading during the week ended Aug. 12 amounted to 407,535 shares, or 13.55% of the total volume on that exchange of 1,504,225 shares; during the Aug. 5 week trading for the account of Curb members of 314,310 shares was 14.00% of total trading of 1,122,360 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUGUST 12, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	191,650	
‡Other sales	6,468,210	
Total sales	6,659,860	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	498,610	
Short sales	65,240	
‡Other sales	432,610	
Total sales	497,850	7.48
2. Other transactions initiated on the floor—		
Total purchases	515,070	
Short sales	41,500	
‡Other sales	482,480	
Total sales	523,980	7.80
3. Other transactions initiated off the floor—		
Total purchases	184,340	
Short sales	16,100	
‡Other sales	192,395	
Total sales	208,495	2.95
4. Total—		
Total purchases	1,198,020	
Short sales	122,840	
‡Other sales	1,107,485	
Total sales	1,230,325	18.23

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED AUGUST 12, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	21,520	
‡Other sales	1,482,705	
Total sales	1,504,225	
B. Round-Lot Transactions for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	117,935	
Short sales	7,545	
‡Other sales	116,655	
Total sales	124,200	8.05
2. Other transactions initiated on the floor—		
Total purchases	44,730	
Short sales	8,900	
‡Other sales	35,810	
Total sales	44,710	2.97
3. Other transactions initiated off the floor—		
Total purchases	30,670	
Short sales	1,700	
‡Other sales	43,590	
Total sales	45,290	2.53
4. Total—		
Total purchases	193,335	
Short sales	18,145	
‡Other sales	196,055	
Total sales	214,200	13.55
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	51,428	
Total purchases	51,428	
Total sales	36,141	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Factory Workers Hours And Earnings Up In June, Labor Department Reports

Factory workers put in almost a million more man-hours per week in June than in May, the first upward trend in aggregate hours since November, 1943, Secretary of Labor Frances Perkins reported on Aug. 24. "The average number of hours worked per man per week, 45.5, while only slightly longer than in May, was sufficient to offset the employment decline of 35,000," she said. Miss Perkins added:

"In comparison with November, 1943, the peak month of man-hour utilization, there were almost 47 million fewer manufacturing hours in the mid-week of June, 1944. Inasmuch as the work-week in June averaged exactly the same as in November, declines in employment, totaling more than one million wage-earners, were entirely responsible for the decrease in total hours.

"All but two of the durable-goods groups reported a greater number of aggregate hours in June than in May. The decline of almost three million man-hours per week in the transportation equipment group reflected a large drop in employment and a very slight decline in the average work-week, while the decline of 160,000 hours in the automobile group took place in spite of a larger work-week and was due entirely to employment decreases."

The Secretary of Labor further stated:

"Of the 11 nondurable groups, three showed declines in total manufacturing hours, the largest occurring in the chemicals group. The decrease of 355,000 man-hours per week in the chemicals group was due entirely to declines in employment, reflecting further cutbacks in production of small arms ammunition. The largest increase in total hours occurred in the food group and amounted to 1½ million hours. Each of the industries in this group contributed to the over-all rise in total hours. The largest gain, reported by the canning industry, was due entirely to seasonal employment increases. The gains in both the baking and nonalcoholic beverage industries were brought about by greater employment and longer work-weeks.

"Anthracite miners worked an average of one hour less per week due to strikes. Hours worked increased in other mining industries.

"Average weekly earnings, $46.28 for manufacturing, increased in all of the groups except transportation equipment, where hours per man per week were unchanged. While in most groups this increase in weekly earnings was largely due to the longer work-week, in several cases there were also increases in average hourly earnings. In electrical machinery, for instance, weekly earnings were up by 1.7%; average hours and average hourly earnings were both higher by 0.8%.

"Average hourly earnings, 101.8 cents per hour, were up slightly from a month before in all but three of the major groups. This includes payments at overtime rates for overtime work. There was no substantial change over the month in the estimated straight-time average hourly earnings which were 94.4 cents per hour."

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Aug. 30 a summary for the week ended Aug. 19 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Aug. 19, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	16,751
Number of shares	481,602
Dollar value	$18,494,137
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	166
*Customers' other sales	16,878
Customers' total sales	17,044
Number of Shares:	
Customers' short sales	4,914
*Customers' other sales	450,664
Customers' total sales	455,578
Dollar value	$14,970,277
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	120
†Other sales	115,280
Total sales	115,400
Round-Lot Purchases by Dealers:	
Number of shares	155,470

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Revenue Freight Car Loadings During Week Ended Aug. 26, 1944 Increased 18,278 Cars

Loading of revenue freight for the week ended Aug. 26, 1944, totaled 905,724 cars, the Association of American Railroads announced on Aug. 31. This was an increase above the corresponding week of 1943 of 1,667 cars, or 0.2%, and an increase above the same week in 1942 of 6,319 cars or 0.7%.

Loading of revenue freight for the week of Aug. 26 increased 18,278 cars, or 2.1% above the preceding week.

Miscellaneous freight loading totaled 403,502 cars, an increase of 6,925 cars above the preceding week, and an increase of 5,080 cars above the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 109,499 cars, an increase of 3,121 cars above the preceding week, and an increase of 7,020 cars above the coresponding week in 1943.

Coal loading amounted to 179,716 cars, an increase of 5,691 cars above the preceding week, and an increase of 899 cars above the corresponding week in 1943.

Grain and grain products loading totaled 49,306 cars, a decrease of 607 cars below the preceeding week and a decrease of 4,982 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of Aug. 26, totaled 34,811 cars, a decrease of 348 cars below the preceding week and a decrease of 4,250 cars below the corresponding week in 1943.

Livestock loading amounted to 15,918 cars, a decrease of 518 cars below the preceding week and a decrease of 471 cars below the corresponding week in 1943. In the Western Districts alone loading of live stock for the week of Aug. 26 totaled 12,143 cars, a decrease of 118 cars below the preceding week, and a decrease of 227 cars below the corresponding week in 1943.

Forest products loading totaled 52,395 cars, an increase of 2,187 cars above the preceding week and an increase of 4,097 cars above the corresponding week in 1943.

Ore loading amounted to 81,572 cars, an increase of 1,877 cars above the preceding week but a decrease of 8,919 cars below the corresponding week in 1943.

Coke loading amounted to 13,816 cars, a decrease of 398 cars below the preceding week, and a decrease of 1,057 cars below the corresponding week in 1943.

All districts reported increases compared with the corresponding week in 1943, except the Eastern, Allegheny, Northwestern, and Southwestern and all districts reported increases compared with 1942 except the Southern and Northwestern.

	1944	1943	1942
5 Weeks of January	3,796,477	3,531,811	3,858,479
4 weeks of February	3,159,492	3,055,725	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
5 weeks of April	4,068,625	3,924,981	4,209,907
4 weeks of May	3,446,252	3,363,195	3,311,637
5 weeks of June	4,343,193	4,003,393	4,139,395
4 weeks of July	3,463,512	3,455,328	3,431,395
Week of August 5	890,458	872,133	850,221
Week of August 12	896,172	887,164	868,845
Week of August 19	887,446	891,340	869,434
Week of August 26	905,724	904.057	899,405
Total	28,992,506	27,962,572	28,736,441

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Aug. 19, 1944. During the period 66 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS
(NUMBER OF CARS) WEEK ENDED AUG. 26

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	259	245	321	1,385	1,491
Bangor & Aroostook	1,304	844	864	614	373
Boston & Maine	6,941	6,729	6,474	14,203	14,471
Chicago, Indianapolis & Louisville	1,385	1,354	1,476	2,045	2,389
Central Indiana	28	41	21	44	60
Central Vermont	1,142	1,096	1,097	2,183	2,352
Delaware & Hudson	6,020	6,492	6,234	12,451	11,294
Delaware, Lackawanna & Western	8,153	7,843	7,917	10,238	12,933
Detroit & Mackinac	224	209	541	166	109
Detroit, Toledo & Ironton	1,944	2,036	1,595	1,369	1,279
Detroit & Toledo Shore Line	325	327	296	2,660	2,484
Erie	13,637	13,673	12,277	17,804	19,284
Grand Trunk Western	3,831	3,933	4,755	8,116	8,362
Lehigh & Hudson River	197	197	156	2,473	2,549
Lehigh & New England	2,308	2,159	2,374	2,057	1,741
Lehigh Valley	8,757	9,006	8,765	14,707	14,293
Maine Central	2,513	2,429	2,317	2,948	2,779
Monongahela	5,973	6,275	6,338	454	444
Montour	2,562	2,381	2,387	33	365
New York Central Lines	53,292	56,395	49,346	54,595	57,381
N. Y., N. H. & Hartford	9.525	10,383	10,068	17,671	18,673
New York, Ontario & Western	1,138	1,448	1,091	2,947	2,620
New York, Chicago & St. Louis	6,638	6,956	7,886	15,346	16,805
N. Y., Susquehanna & Western	425	685	414	2,388	2,263
Pittsburgh & Lake Erie	7,770	7,567	7,713	9,650	9,005
Pere Marquette	5,286	5,230	5,575	7,524	7,695
Pittsburg & Shawmut	928	998	842	22	32
Pittsburg, Shawmut & North	209	413	384	227	292
Pittsburgh & West Virginia	1,333	1,139	1,189	2,658	2,644
Rutland	339	345	410	1,051	1,112
Wabash	5,659	5,834	6.457	9,982	12,237
Wheeling & Lake Erie	5,614	6,045	5,885	4,440	4,485
Total	165,749	170,712	163,485	224,451	234,296
Allegheny District—					
Akron, Canton & Youngstown	718	730	678	1,259	1,315
Baltimore & Ohio	47,290	44,705	43,262	29,241	30,372
Bessemer & Lake Erie	5,649	6,783	6,877	1,963	2,021
Buffalo Creek & Gauley	299	318	275	4	4
Cambria & Indiana	1,198	1,851	2,072	5	5
Central R. R. of New Jersey	7,053	7,379	7,704	21,177	21,323
Cornwall	561	666	639	56	55
Cumberland & Pennsylvania	235	234	264	11	25
Ligonier Valley	160	126	138	46	47
Long Island	1,802	2,073	1,176	3,560	4,136
Penn-Reading Seashore Lines	1,868	2,078	2,199	3,081	3,146
Pennsylvania System	91,071	88,288	87,566	66,189	70,515
Reading Co.	15,268	16,225	15,594	29,158	26,603
Union (Pittsburgh)	18,765	21,312	21,995	6,884	7,777
Western Maryland	4,810	4,361	4,231	12,553	12,019
Total	196,747	197,129	194,670	175,187	179,363
Pocahontas District—					
Chesapeake & Ohio	31,599	30,104	28,575	14,207	14,441
Norfolk & Western	22,293	22,652	23,416	7,993	7,076
Virginian	4,514	4,957	4,542	2,415	2,259
Total	54,046	57,713	56,533	24,615	23,776
Southern District—					
Alabama, Tennessee & Northern	433	306	390	334	411
Atl. & W. P.—W. R. R. of Ala	825	659	767	2,571	2,659
Atlanta, Birmingham & Coast	917	717	705	1,234	1,191
Atlantic Coast Line	10,739	11,710	12,097	9,886	10,735
Central of Georgia	3,777	3,785	3,828	5,483	4,296
Charleston & Western Carolina	409	398	367	1,616	1,619
Clinchfield	1,756	1,682	1,785	2,952	2,843
Columbus & Greenville	199	350	393	308	201
Durham & Southern	110	104	106	848	649
Florida East Coast	783	1,282	838	1,357	1,461
Gainesville Midland	59	50	38	99	86
Georgia	1,393	1,315	1,489	2,482	3,036
Georgia & Florida	815	543	417	708	498
Gulf, Mobile & Ohio	4,193	4,256	4,428	4,357	4,452
Illinois Central System	28,718	29,152	28,200	17,683	18,681
Louisville & Nashville	26,096	25,447	26,650	12,292	12,516
Macon, Dublin & Savannah	202	186	194	643	601
Mississippi Central	338	280	191	628	577
Nashville, Chattanooga & St. L.	3,023	3,289	3,381	4,557	5,019
Norfolk Southern	956	975	1,215	2,211	1,400
Piedmont Northern	389	360	341	1,145	1,183
Richmond, Fred. & Potomac	450	443	466	9,780	9,733
Seaboard Air Line	9,329	10,166	10,446	8,688	8,165
Southern System	24,977	22,914	24,207	24,853	23,784
Tennessee Central	699	497	545	816	1,014
Winston-Salem Southbound	133	144	196	1,296	982
Total	121,718	121,010	123,680	118,827	117,786
Northwestern District—					
Chicago & North Western	20,846	21,512	22,187	13,862	15,064
Chicago Great Western	2,745	2,845	2,554	3,443	3,124
Chicago, Milw., St. P. & Pac.	23,040	22,070	21,919	11,333	11,610
Chicago, St. Paul, Minn. & Omaha	3,605	4,269	4,509	4,277	4,713
Duluth, Missabe & Iron Range	28,887	31,116	31,574	365	345
Duluth, South Shore & Atlantic	1,307	1,587	1,220	520	655
Elgin, Joliet & Eastern	9,331	8,532	10,093	9,620	11,305
Ft. Dodge, Des Moines & South	380	479	557	78	123
Great Northern	27,390	26,376	28,816	6,905	6,333
Green Bay & Western	*464	459	455	*1,004	1,045
Lake Superior & Ishpeming	2,521	2,968	2,120	78	55
Minneapolis & St. Louis	2,261	2,188	2,238	2,537	2,403
Minn., St. Paul & S. S. M.	7,701	8,306	8,417	3,282	2,829
Northern Pacific	13,187	12,595	12,644	6,161	6,216
Spokane International	150	261	243	621	547
Spokane, Portland & Seattle	3,194	2,816	2,893	3,329	3,882
Total	147,009	148,379	152,439	67,415	70,249
Central Western District—					
Atch., Top. & Santa Fe System	26,145	22,718	23,213	14,206	13,147
Alton	3,552	3,722	3,559	4,403	4,913
Bingham & Garfield	638	536	563	76	56
Chicago, Burlington & Quincy	20,119	20,401	21,373	13,042	12,599
Chicago & Illinois Midland	2,871	2,854	2,614	825	1,035
Chicago, Rock Island & Pacific	13,377	12,503	12,666	13,090	12,759
Chicago & Eastern Illinois	2,796	2,851	2,881	5,750	6,451
Colorado & Southern	885	1,017	885	2,826	1,998
Denver & Rio Grande Western	5,032	5,619	4,459	6,708	6,251
Denver & Salt Lake	838	833	776	38	25
Fort Worth & Denver City	858	1,212	1,624	2,345	1,726
Illinois Terminal	2,422	2,003	1,862	2,014	2,002
Missouri-Illinois	1,304	1,083	1,348	757	659
Nevada Northern	1,531	2,134	2,164	105	117
North Western Pacific	1,280	1,160	1,297	982	804
Peoria & Pekin Union	4	20	7	0	0
Southern Pacific (Pacific)	34,247	32,722	33,522	14,466	14,548
Toledo, Peoria & Western	208	327	271	1,984	2,153
Union Pacific System	19,713	16,757	16,750	18,958	17,929
Utah	485	576	463	5	6
Western Pacific	2,336	2,338	2,419	5,322	4,259
Total	140,651	133,386	134,716	107,902	103,436
Southwestern District—					
Burlington-Rock Island	1,078	282	945	439	220
Gulf Coast Lines	5,690	5,760	4,975	2,695	3,511
International-Great Northern	2,661	2,872	3,334	3,550	3,434
Kansas, Oklahoma & Gulf	334	326	366	983	1,210
Kansas City Southern	5,489	6,144	4,802	3,450	2,764
Louisiana & Arkansas	4,203	3,139	4,218	2,903	2,722
Litchfield & Madison	264	344	365	1,342	1,700
Midland Valley	811	725	771	561	313
Missouri & Arkansas	189	151	208	384	401
Missouri-Kansas-Texas Lines	6,072	5,811	5,764	5,101	5,535
Missouri Pacific	17,837	18,508	18,574	20,093	20,589
Quanah Acme & Pacific	84	130	82	406	356
St. Louis-San Francisco	9,982	9,227	9,717	8,481	9,402
St. Louis Southwestern	3,254	2,737	2,961	6,528	6,952
Texas & New Orleans	11,678	13,583	12,016	5,817	5,633
Texas & Pacific	5,685	5,891	4,648	7,402	6,441
Weatherford M. W. & N. W.	79	83	118	57	34
Wichita Falls & Southern	54	15	18	46	17
Total	75,444	75,728	73,882	70,238	71,234

*Previous week's figure.

Note—Previous year's figures revised.

Weekly Statistics Of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity	
				Current	Cumulative
May 6	186,666	158,534	628,495	98	95
May 13	144,921	150.435	620,728	95	95
May 20	140,287	157,370	602,062	97	95
May 27	138,501	155,105	582,090	96	95
June 3	170,421	152,461	599,322	93	95
June 10	144,384	157,794	584,083	96	95
June 17	147,689	154,137	577,721	95	95
June 24	130,510	156,338	549,830	96	95
July 1	152,954	155,170	544,454	95	95
July 8	145,317	98,235	586,379	60	94
July 15	145,775	147,478	586,103	91	94
July 22	157,041	152,402	590,263	94	94
July 29	139,743	157,720	570,626	96	94
August 5	195,161	160,568	604,299	96	94
August 12	140,338	158,849	585,316	96	94
August 19	136,936	155,516	562,744	95	94
August 26	128,596	156,921	534,174	96	94

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Insurance Risk For Air Travel Decreasing

When airline travel takes off on its post-war expansion, it will be accepted as a standard risk in most life insurance underwriting, according to the Institute of Life Insurance, which has just completed a survey of the currently issued life insurance policy forms and underwriting practices of 200 life insurance companies.

Nearly half of the 200 companies now issue their standard policies containing no airline travel restrictions, at regular rates regardless of the contemplated amount of commercial airline travel. The others have liberalized their underwriting rules in recent years and now issue their standard policies at regular rates unless the applicant's use of airline transportation is especially large. The standard policy form used by a few companies does restrict transocean and other air travel outside the United States and Canada.

"This liberalized underwriting practice of life insurance companies, almost wholly developed in the past 10 years, is in keeping with the usual practice of life insurance to keep pace with changing conditions and needs," the Institute said. "When railroads were new, protection was not available while riding as a passenger in the new steam carriages. The safety of railway transportation had to be proven before it became a standard part of life insurance protection. This was a natural move in the interests of the main body of policyholders.

"The same was true when the airplane arrived as a medium of commercial transportation. With the establishment of scheduled airlines, companies generally set a limit of six trips a year which would be accepted without an extra premium.

"As safety improved the limit was raised until today extra premiums are seldom required, even for trans-oceanic travel. As each company determines its own underwriting rules competitively, there being no uniform rates or rules in life insurance, there are naturally still some companies which limit amounts insured, or charge extra premiums where they regard the extent of air travel as greater than normal." The Institutes concluded its statement by saying:

"It will probably be some time before all applicants for insurance who use airplanes will be exempt from special consideration in the application questions and in home office underwriting, but the air traveler is rapidly becoming generally accepted as no different from the traveler in any other type of carrier."

Lumber Movement—Week Ended Aug. 26, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 504 mills reporting to the National Lumber Trade Barometer were 6.3% below production for the week ended Aug. 26, 1944. In the same week new orders of these mills were 8.5% below production. Unfilled order files of the reporting mills amounted to 102.0% of stocks. For reporting softwood mills, unfilled orders are equivalent to 38 days' production at the current rate, and gross stocks are equivalent to 35 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 4.4%; orders by 7.1%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 24.2% greater; shipments were 21.9% greater, and orders were 21.4% greater.

Items About Banks, Trust Companies

In the interest of a wider knowledge of the important part which foreign commerce will play in our national economy during the post-war period, the United States Rubber Company is exhibiting in the windows of the Rockefeller Center Office of Colonial Trust Company a display featuring raw materials, many of which are imported from Latin America and other parts of the world, and finished goods both for export and domestic consumption. In commenting upon the exhibit, Arthur S. Kleeman, President of Colonial, said: "This display is sponsored by our Foreign Division which, of course, has a deep interest in financing imports and exports to the end that two-way trade may be established and maintained to the mutual benefit of the United States and those countries throughout the world with which we maintain commercial relations."

The 14,415 shares of common stock of the Manufacturers Trust Co. of New York, which were offered in secondary distribution, have been sold and the subscription books have been closed, according to an announcement by Goldman, Sachs & Co., who offered the stock at $51.50 per share.

On August 30 Arthur L. Burns, retired Vice-President of the National City Bank of New York, died at his home in Mamaroneck. Until Mr. Burns retired in 1929 he was associated with the Fifth Avenue Branch of the bank. He became Vice-President of the National City Bank in 1922 after having been Assistant Cashier and a Vice-President of the Second National Bank of New York. Mr. Burns started his banking career in 1893 as a messenger for the Second National.

William M. Vermilye, retired Vice-President of the National City Bank of New York since early this year, died at a regional meeting of the War Labor Board on August 29. Mr. Vermilye, who was a substitute industry member of the WLB, was attending a regional meeting in Hershey, Pa., of the Board. Aside from many other high offices he held in various corporations Mr. Vermilye, who was 64 years old, originated the Vermilye Medal for industrial contributions awarded by the Franklin Institute of Pennsylvania.

James C. Nicoll, retired manager of the Loan Department of the Bank of Montreal's New York Branch, died on August 29. Mr. Nicoll had served in the post from 1919 to 1931.

The Lincoln-Alliance Bank and Trust Company, largest bank in Rochester, N. Y., and third largest in the State outside of New York City, is offering to its present stockholders 31,333 shares of common stock in the ratio of one share for each five shares now owned. The offering price is $42 per share. The First Boston Corporation is underwriting the issue in association with George D. B. Bonbright & Co., Little & Hopkins, Inc., and Meyer & Ewell Co., Inc., of Rochester. Rights to subscribe will expire on September 19. It is pointed out that the increase in the bank's capital is indicative of a trend in commercial banking to increase capital funds since these funds in most cases have not increased in proportion to deposits, both war loan and commercial. Banks in this manner are preparing themselves for the anticipated increase in industrial borrowing in the post-war period.

With resources of over $190,000,000, Lincoln-Alliance Bank and Trust Company's deposits have risen from about $80,000,000 at the end of 1939, to about $180,000,000 at present. The bank, in 1943, earned $3.54 per share from current operations and net profit was $4.10 per share. For the first seven months of 1944 earnings were $2.15 per share from current operations alone. These earnings per share are on a pro forma basis of 188,000 shares and give effect to the issuance of the 31,333 new shares. It is also announced that the bank is currently paying dividends on the common stock at the rate of $2 per share and it is the present intention of the board of directors, subject to changes in earnings and other factors affecting dividend policy, to continue that rate on the increased capitalization. On a pro forma basis, the bank's capital funds per share of common stock, would have been equal to $48.72 a share on June 30, 1944.

Lincoln-Alliance Bank and Trust Company's holdings of Government securities total $119,000,000, 26% of which matures within one year, 33% in one to five years and 33% in five to ten years. The average maturity of Government holdings is less than 4½ years.

It was made known on September 1 by Ralph E. Flanders, President of the Federal Reserve Bank of Boston, that on that date the Brattleboro Trust Co. of Brattleboro, Vt., was admitted to membership in the Federal Reserve System. The officers of the new member bank are: Charles A. Boyden, Chairman of the Board; Henry Z. Persons, President; Harry E. Clark, Vice-President; Frank G. Shumwav, Treasurer and Trust Officer; Marguerite H. Daley, Assistant Treasurer and Assistant Trust Officer; George A. Boyden and Elizabeth M. Ranney, Assistant Treasurers.

John Neville, retired Vice-President of Fidelity Union Trust Co. of Newark, N. J., died on August 29 in the Newark Memorial Hospital. He was 66 years of age.

In connection with the simplification of the redemption of U. S. Bonds, Series E, announced by the Treasury Department, M. J. Fleming, President of the Federal Reserve Bank of Cleveland, reported on August 29 that: "The Federal Reserve Bank of Cleveland is preparing information relative to the qualification of incorporated banks and trust companies as paying agents for United States savings bonds. This information, together with the appropriate Treasury regulations, should reach all banks in the Fourth Federal Reserve District early next week."

The Mercantile National Bank of Chicago received authorization from its stockholders on August 28 to increase the capital stock of the bank from $600,000 to $1,000,000 and to change the par value of outstanding shares from $100 to $20. The Chicago "Journal of Commerce," from which this information is learned, went on to say:

"Upon final approval of the change by the Comptroller of the Currency, shareholdes will be offered the new shares at $20 on the basis of two new shares for every three shares now owned. The proceeds, amounting to $400,000, would raise the capital stock account of the bank to $1,000,000."

Announcement was recently made by Merrill Lynch, Pierce, Fenner & Beane and Associates that shortly after Labor Day they would offer 37,315 shares of common stock of the Commerce Trust Co. of Kansas City, Mo. The bank on August 26 increased the number of common shares from 60,000 of $100 par value to 300,000 shares of $20 par value. The shares to be offered are being purchased from large stockholders on the Pacific Coast and do not represent new financing on the part of the Commerce Trust Co. The present bank is the successor to the original bank called the Kansas City Savings Association, established in 1865.

In terms of total resources, the Commerce Trust Co. ranks, it is stated, as the largest banking institution in the Tenth Federal Reserve District.

It was expected that directors would meet on September 5 and declare a dividend on the new 300,000 shares of stock, which at present prices will yield approximately 3.75%.

The Federal Reserve Bank of St. Louis, Mo., announced on August 30 that the Hamilton Bank, of Hamilton, Mo., had on that day become a member of Federal Reserve System. The Reserve Bank's statement also said:

"The new member was chartered in 1938. It has a capital of $25,000, surplus of $30,000, and total resources of $1,433,899. Its officers are: L. G. Ehlers, President; Elmer E. Clark, Vice-President and Secretary; Hazel Martin and Marion L. Bretz, Assistant Cashiers.

"The addition of the Hamilton Bank brings the total membership of the Federal Reserve Bank of St. Louis to 470. These member banks hold over 70% of the net deposits of all banking institutions in the Eighth District."

Following the death of the late H. T. Jaffray, William G. More, former Assistant General Manager of the Imperial Bank, Toronto, Canada, has been promoted to the position of General Manager.

The Toronto "Globe," in reporting this, said:

"The new General Manager is a break from the tradition which has heretofore drawn General Managers from those who have had wide experience of banking in various parts of Canada and elsewhere in branches as well as having a period of service at the head office. Mr. More's whole experience in Canadian banking has been in the head office."

Program Announced For ABA Second War Service Meeting In Chicago Sept. 25-27

Completion of a program for the Second War Service Meeting of the American Bankers Association in Chicago, Sept. 25-27, accenting banking's post-war plans for service to business and agriculture, was announced on Aug. 31 by A. L. M. Wiggins, president of the Association. The program will bring together a notable group of speakers. Those at the general sessions will include Dr. Bruce R. Baxter, Bishop of the Methodist Episcopal Church, Portland, Ore.; Senator William C. Freeman, Secretary of State for Banking in Pennsylvania, and William M. Jeffers, president of the Union Pacific R. R. and former U. S. Rubber Administrator.

Speakers to be heard at the divisional meetings will include Maple T. Harl, Banking Commissioner for Colorado; W. L. Hemingway, immediate past president of the A. B. A.; Dr. Marcus Nadler, Professor of Finance at New York University; Edward D. Odum, solicitor of the U. S. Veterans Administration; W. G. F. Price, Vice-President of the American National Bank and Trust Co., Chicago; E. D. Reese, President of the Park National Bank, Newark, Ohio; James E. Shelton, Chairman of the Executive Committee, Security-First National Bank, Los Angeles, Cal., and Russell Weisman, chief editorial writer of the Cleveland Plain Dealer, Cleveland, Ohio.

An additional feature this year will be a whole afternoon devoted to the interests of country banks, the program for which includes two round table discussions and an address by Chester C. Davis, president of the Federal Reserve Bank of St. Louis. This country bank session will occupy the entire afternoon of Tuesday, Sept. 26.

The meeting will be a streamlined affair of two and one-half days' duration. It will open Monday morning and close Wednesday noon. These two and one-half days will be crowded with two general sessions and the annual meetings of the Association's four divisions and its State Association Section. Committee meetings will be held mostly on Sunday, Sept. 24. As was the case a year ago, banks sending representatives have been asked to restrict attendance in keeping with wartime travel conditions by limiting their representation to one person or one person in addition to such officers of their institutions as may be serving as members of A. B. A. committees, commissions and councils.

The program sessions will get under way Monday morning, Sept. 25, with the annual meetings of the Savings Division, the State Bank Division, and State Association Section. The National Bank Division and the Trust Division will have their meetings Monday afternoon, and the State Association Section will have a second meeting Monday afternoon.

The first general session will take place Tuesday morning, Sept. 26. Mr. Jeffers and Mr. Wiggins will be speakers at this session. The second and closing one will follow Wednesday morning, Sept. 27. Bishop Baxter will address this session, as will Senator Freeman.

The War Service meeting will be preceded by committee meetings on Sunday, Sept. 24, and by a tea tendered by the Chicago banks to the assembling delegates that afternoon at 4 o'clock. The other social function will be a reception at 5:30 o'clock, Tuesday afternoon, also tendered by the Chicago banks.

The retiring Executive Council will meet Monday evening, Sept. 25, and the new Council, consisting of members elected during the past spring, will hold its organization meeting at lunch on Wednesday, Sept. 27.

The program in chronological order is as follows:

MONDAY, SEPT. 25

State Bank Division—Address of the President, Claude F. Pack, President, Home State Bank, Kansas City, Kan.

Post-War Views of a County Seat Banker, E. D. Reese, President, The Park National Bank, Newark, Ohio.

Address—Maple T. Harl, State Bank Commissioner, Denver, Col.

Savings Division — Address of the President, Fred F. Lawrence, Treasurer, Maine Savings Bank, Portland, Me.

Spending or Saving Our Way to Post-War Prosperity—Russell Weisman, Chief Editorial Writer, Cleveland Plain Dealer, Cleveland, Ohio.

Some Observations and Savings Banking in England—W. L. Hemingway, President, Mercantile-Commerce Bank and Trust Co., St. Louis, Mo.; Immediate Past President of the A. B. A.

State Association Section—Meeting of Secretaries and other Officers of State Bankers Associations.

MONDAY, SEPT. 25

National Bank Division — Address of the President, F. Raymond Peterson, President, First National Bank, Paterson, N. J.

Bank Credit—The Beginnnig or End of an Era—W. G. F. Price, Vice-President, American National Bank and Trust Co., Chicago, Ill.

Bank Investments—Dr. Marcus Nadler, Professor of Finance, New York University, New York City.

Trust Division—Address of the President, Henry A. Theis, Vice-President, Guaranty Trust Company, New York City.

How Trust Institutions Can Serve Veterans of the Present War—Edward D. Odum, Solicitor, U. S. Veterans Administration, Washington, D. C.

What a Good Trust Department Means to a Bank—James E. Shelton, Chairman of Executive Committee, Security-First National Bank, Los Angeles, Calif.

GENERAL SESSIONS

First General Session—Tuesday, Sept. 26

Address of the President of A. B. A., A. L. M. Wiggins, President, Bank of Hartsville, Hartsville, S. C.

Address — William M. Jeffers, President, Union Pacific Railroad.

Tues., Sept. 26

Meetings for Country Bankers 2:00 to 4:00 P. M.

Round Table: The Bank's Responsibility to the Community. This will cover helping farmers to build financial reserves, the farm land price situation, and the publicizing of the bank's usefulness to farmers. Participants will be W. W. Campbell, president, National Bank of Eastern Arkansas at Forrest City, Arkansas, C. D. Tedrow, president, Citizens First National Bank, Princeton, Ill., and Warren Garst, cashier, Home State Bank, Jefferson, Iowa.

Round Table: Effective Correspondent Bank Relationships Between City and Country Banks. Subjects covered will include the investment portfolio, operation and promotion methods, and credit extension. The participants are: Clyde D. Harris, President, First National Bank, Cape Girardeau, Mo.; B. M. Harris, President, Yellowstone Bank, Columbus, Mont.; B. P. Allen, President, First National Bank, Wabash, Ind.; Hugh L. Harrell, President, First National Bank & Trust Co., Oklahoma City, Okla., and Carlisle R. Davis, Vice-President, State-Planters Bank & Trust Co., Richmond, Va.

Address by Chester C. Davis, president, Federal Reserve Bank of St. Louis, Mo. Theme—American Agriculture in the Future and the Country Banker's Responsibility to It.

Wednesday, Sept. 27

Final General Session—Address—Senator William C. Freeman, Secretary of Banking of the Commonwealth of Pennsylvania.

Address—Dr. Bruce R. Baxter, Resident Bishop of the Methodist Episcopal Church, Portland, Ore.

US Acquired 34 Million Acres For War

Senator O'Mahoney of Wyoming was quoted by Associated Press Washington advices on Aug. 23 as saying:

The Federal Government has acquired, during the war, more than 34,000,000 acres of land, exclusive of tracts taken over by the Defense Plants Corporation.

The total value, is undetermined but the Government already has paid $565,325,816 for the properties.

A bill to make this surplus land available to returning veterans has been introduced by the Senator who further said:

More than 25,000,000 acres of the total, was acquired for direct war purposes and in excess of one-third of the total was taken from the public domain.

Mr. O'Mahoney concluded his statement by adding that:

The War Department has declared 2,750,000 acres of its holdings as surplus for post-war purposes and the Navy is expected to determine that about 4,000,000 acres are in this category. Of these lands, 1,576,000 acres have been tentatively classified as good agricultural lands, 2,197,000 as grazing land and 2,107,000 as forests.